

HOUSE BILL No. 1005

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 24-4.5-3-701; IC 28-1-5-16; IC 28-5-1-26; IC 28-6.1-6-25; IC 28-7-1-38.

Synopsis: Property tax benefits and study commission. With respect to a residential real property financing or refinancing, requires a financial institution to provide to each customer information on property tax deductions and the homestead credit on a form prescribed by the department of local government finance. Imposes a penalty on a financial institution that does not comply. Provides for additional information about property taxes to be provided with the property tax statement of current and delinquent taxes and special assessments. Provides for state reimbursement of the expenditures made by a county to provide the additional information. Establishes the local government finance study commission.

Effective: Upon passage; July 1, 2004.

Reske, Chowning, Austin

December 4, 2003, read first time and referred to Committee on Ways and Means.



Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

HOUSE BILL No. 1005

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12-43 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 43. (a) For purposes of this section:**

4 (1) "benefit" refers to:

5 (A) a deduction under section 1, 9, 11, 13, 14, 16, 17.4, 26,
6 29, 31, 33, or 34 of this chapter; or

7 (B) the homestead credit under IC 6-1.1-20.9-2; and

8 (2) "financial institution" has the meaning set forth in
9 IC 28-1-1-3(1).

10 (b) Before closing a residential real property financing or
11 refinancing after June 30, 2004, a financial institution must provide
12 to the customer the form referred to in subsection (c).

13 (c) Before June 1, 2004, the department of local government
14 finance shall prescribe the form to be provided by financial
15 institutions to customers under subsection (b). The form must:

16 (1) on one (1) side:

17 (A) list each benefit;



- 1 **(B) list the eligibility criteria for each benefit; and**
 2 **(C) indicate that a new application for a deduction under**
 3 **section 1 of this chapter is required when residential real**
 4 **property is refinanced;**
 5 **(2) on the other side indicate:**
 6 **(A) each action by; and**
 7 **(B) each type of documentation from;**
 8 **the customer required to file for each benefit; and**
 9 **(3) be printed on one (1) of two (2) or more colors of paper**
 10 **prescribed by the department of local government finance**
 11 **that distinguish the form from other documents typically used**
 12 **in a closing referred to in subsection (b).**
 13 **(d) A financial institution:**
 14 **(1) may reproduce the form referred to in subsection (c); and**
 15 **(2) in reproducing the form, must use a paper color**
 16 **prescribed by the department of local government finance.**
 17 **(e) A financial institution to which this section applies shall**
 18 **document its compliance with this section with respect to each**
 19 **residential real property financing or refinancing transaction in**
 20 **the form of verification of compliance signed by the customer.**
 21 **(f) A financial institution is subject to a civil penalty of fifty**
 22 **dollars (\$50) for each instance in which the financial institution**
 23 **fails to comply with this section with respect to a customer. The**
 24 **penalty:**
 25 **(1) may be recovered under IC 28-11-4; and**
 26 **(2) shall be paid into the property tax replacement fund.**
 27 **(g) The department of financial institutions shall:**
 28 **(1) examine financial institutions to determine compliance**
 29 **with this section; and**
 30 **(2) impose and collect penalties under subsection (f).**
 31 SECTION 2. IC 6-1.1-22-8 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county
 33 treasurer shall either:
 34 (1) mail to the last known address of each person liable for any
 35 property taxes or special assessment, as shown on the tax
 36 duplicate or special assessment records, or to the last known
 37 address of the most recent owner shown in the transfer book a
 38 statement of current and delinquent taxes and special
 39 assessments; or
 40 (2) transmit by written, electronic, or other means to a mortgagee
 41 maintaining an escrow account for a person who is liable for any
 42 property taxes or special assessments, as shown on the tax



- 1 duplicate or special assessment records a statement of current and
 2 delinquent taxes and special assessments.
 3 (b) The county treasurer may include the following in the statement:
 4 (1) An itemized listing for each property tax levy, including:
 5 (A) the amount of the tax rate;
 6 (B) the entity levying the tax owed; and
 7 (C) the dollar amount of the tax owed.
 8 (2) Information designed to inform the taxpayer or mortgagee
 9 clearly and accurately of the manner in which the taxes billed in
 10 the tax statement are to be used.

11 A form used and the method by which the statement and information,
 12 if any, are transmitted must be approved by the state board of accounts.
 13 The county treasurer may mail or transmit the statement and
 14 information, if any, one (1) time each year at least fifteen (15) days
 15 before the date on which the first or only installment is due. Whenever
 16 a person's tax liability for a year is due in one (1) installment under
 17 IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must
 18 include the date on which the installment is due and denote the amount
 19 of money to be paid for the installment. Whenever a person's tax
 20 liability is due in two (2) installments, a statement that is mailed must
 21 contain the dates on which the first and second installments are due and
 22 denote the amount of money to be paid for each installment.

23 (c) All payments of property taxes and special assessments shall be
 24 made to the county treasurer. The county treasurer, when authorized by
 25 the board of county commissioners, may open temporary offices for the
 26 collection of taxes in cities and towns in the county other than the
 27 county seat.

28 **(d) For taxes first due and payable after December 31, 2004,**
 29 **regardless of whether a county treasurer transmits a statement of**
 30 **current and delinquent taxes and special assessments to a person**
 31 **liable for the taxes under subsection (a)(1) or to a mortgagee under**
 32 **subsection (a)(2), the county treasurer shall mail the following**
 33 **information to the last known address of each person liable for the**
 34 **property taxes or special assessments or to the last known address**
 35 **of the most recent owner shown in the transfer book. The**
 36 **information that must be provided is the following:**

- 37 (1) A breakdown showing the total property tax and special
 38 assessment liability and the percentage of the taxpayer's
 39 liability that will be distributed to each taxing unit in the
 40 county.
 41 (2) A comparison showing any change in the assessed
 42 valuation for the property as compared to the previous year.



1 **(3) A comparison showing any change in the property tax and**
 2 **special assessment liability for the property as compared to**
 3 **the previous year. The information required under this**
 4 **subdivision must identify the change in the amount of**
 5 **property taxes and special assessments imposed by each**
 6 **taxing unit in which the property is located.**

7 **(4) An explanation of the following:**

8 **(A) The homestead credit and all property tax deductions.**

9 **(B) The procedure and deadline for filing for the**
 10 **homestead credit and each deduction.**

11 **(C) The procedure that a taxpayer must follow to:**

12 **(i) appeal a current assessment; or**

13 **(ii) petition for the correction of an error related to the**
 14 **taxpayer's property tax and special assessment liability.**

15 **(D) The forms that must be filed for an appeal or petition**
 16 **described in clause (C).**

17 **The department of local government finance shall provide the**
 18 **explanation required by this subdivision to each county**
 19 **treasurer.**

20 **(e) The information required to be mailed under subsection (d)**
 21 **must be simply and clearly presented and understandable to the**
 22 **average individual.**

23 **(f) The county treasurer of a county that incurs computer**
 24 **programming or printing costs directly related to mailing**
 25 **information under subsection (d) shall submit an itemized**
 26 **statement of the costs to the department of local government**
 27 **finance for reimbursement from the state. The treasurer of state**
 28 **shall pay a claim submitted under this section on a warrant of the**
 29 **auditor of state.**

30 **SECTION 3. IC 24-4.5-3-701 IS ADDED TO THE INDIANA**
 31 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
 32 **[EFFECTIVE JULY 1, 2004]: Sec. 701. With respect to a consumer**
 33 **loan secured by an interest in land used or expected to be used as**
 34 **the principal dwelling of the debtor, a lender shall comply with**
 35 **IC 6-1.1-12-43.**

36 **SECTION 4. IC 28-1-5-16 IS ADDED TO THE INDIANA CODE**
 37 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
 38 **1, 2004]: Sec. 16. With respect to a residential real property**
 39 **financing or refinancing, a corporation shall comply with**
 40 **IC 6-1.1-12-43.**

41 **SECTION 5. IC 28-5-1-26 IS ADDED TO THE INDIANA CODE**
 42 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**



1, 2004]: **Sec. 26. With respect to a residential real property financing or refinancing, an industrial loan and investment company shall comply with IC 6-1.1-12-43.**

SECTION 6. IC 28-6.1-6-25 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 25. With respect to a residential real property financing or refinancing, a savings bank shall comply with IC 6-1.1-12-43.**

SECTION 7. IC 28-7-1-38 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 38. With respect to a residential real property financing or refinancing, a credit union shall comply with IC 6-1.1-12-43.**

SECTION 8. [EFFECTIVE JULY 1, 2004] **(a) The local government finance study commission is established.**

(b) The commission consists of eight (8) members appointed as follows:

(1) Four (4) members of the senate, not more than two (2) of whom may be of the same political party, to be appointed by the president pro tempore of the senate with the advice of the minority leader of the senate.

(2) Four (4) members of the house of representatives, not more than two (2) of whom may be of the same political party, to be appointed by the speaker of the house of representatives with the advice of the minority leader of the house of representatives.

(c) The commission has twelve (12) nonvoting advisers as follows:

(1) Four (4) city or town officials, not more than two (2) of whom may be of the same political party, to be appointed as follows:

(A) Two (2) appointed by the president pro tempore of the senate with the advice of the minority leader of the senate.

(B) Two (2) appointed by the speaker of the house of representatives with the advice of the minority leader of the house of representatives.

(2) Four (4) county officials, not more than two (2) of whom may be of the same political party, to be appointed as follows:

(A) Two (2) appointed by the president pro tempore of the senate with the advice of the minority leader of the senate.

(B) Two (2) appointed by the speaker of the house of representatives with the advice of the minority leader of



- 1 the house of representatives.
- 2 **(3) Four (4) private citizens, not more than two (2) of whom**
- 3 **may be of the same political party, to be appointed by the**
- 4 **governor.**
- 5 **(d) A member or adviser appointed to the commission serves at**
- 6 **the pleasure of the appointing authority. If a vacancy exists on the**
- 7 **commission or among the advisers, the vacancy shall be filled by**
- 8 **the appointing authority who made the original appointment.**
- 9 **(e) The chairman of the legislative council shall name the**
- 10 **chairperson of the commission.**
- 11 **(f) The commission shall conduct a study of ways to replace ad**
- 12 **valorem property taxes as a source of funding for local**
- 13 **government. The commission may study any other topic assigned**
- 14 **to the commission by the legislative council.**
- 15 **(g) The commission shall operate under the policies governing**
- 16 **study committees adopted by the legislative council.**
- 17 **(h) The affirmative votes of a majority of the voting members**
- 18 **appointed to the commission are required for the commission to**
- 19 **take action on any measure, including final reports.**
- 20 **(i) This SECTION expires December 31, 2005.**
- 21 **SECTION 9. [EFFECTIVE UPON PASSAGE] IC 6-1.1-22-8, as**
- 22 **amended by this act, applies only to statements prepared and**
- 23 **mailed for property taxes and special assessments first due and**
- 24 **payable after December 31, 2004.**
- 25 **SECTION 10. An emergency is declared for this act.**

