
SENATE BILL No. 304

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6.

Synopsis: Property tax circuit breaker. Limits the 2% circuit breaker property tax credit to property taxes imposed on homesteads. Requires the county fiscal body to adopt an ordinance authorizing the 2% homestead circuit breaker property tax credit before the credit applies in a county. Indicates that any reduction in collections due to the property tax credit does not relieve a taxing unit from the requirement of fully funding the payment of debt service or lease rentals. Specifies that the 2% homestead circuit breaker property tax credit applies in Lake County in 2007 to the same extent as if the county fiscal body had adopted an ordinance before July 1, 2006. Makes other related changes.

Effective: January 1, 2007 (retroactive).

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January 11, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

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SENATE BILL No. 304



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 6-1.1-20.6-6, AS AMENDED BY P.L.162-2006,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2007 (RETROACTIVE)]: Sec. 6. (a) ~~This section~~
4 ~~applies only to property taxes first due and payable before:~~
5 ~~(1) January 1, 2007, in Lake County; and~~
6 ~~(2) January 1, 2008, in a county other than Lake County.~~
7 (b) A county fiscal body:
8 (1) may adopt an ordinance to authorize the application of the
9 credit under this chapter for one (1) or more calendar years to
10 ~~qualified residential property homesteads~~ in the county; and
11 (2) must adopt an ordinance under subdivision (1) before July 1
12 of a calendar year to authorize the credit under this chapter for
13 property taxes first due and payable in the immediately
14 succeeding calendar year.
15 (c) ~~An ordinance adopted under this section must specify the~~
16 ~~categories of residential property listed in section 4 of this chapter that~~
17 ~~are eligible for the credit provided under this chapter.~~



1 SECTION 2. IC 6-1.1-20.6-7, AS AMENDED BY P.L.162-2006,
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2007 (RETROACTIVE)]: Sec. 7. (a) ~~In the case of a~~
4 ~~credit authorized~~ **This section applies only in a year to which an**
5 **ordinance adopted** under section 6 of this chapter ~~or provided by~~
6 ~~section 6.5(a) or 6.5(b) of this chapter applies.~~

7 (b) **A taxpayer is entitled to a credit against the person's**
8 **property tax liability** for property taxes first due and payable in a
9 calendar year

10 (1) ~~a person is entitled to a credit against the person's property tax~~
11 ~~liability for property taxes first due and payable in that calendar~~
12 ~~year attributable to the person's qualified residential property a~~
13 **homestead** located in the county ~~and adopting an ordinance.~~

14 (2) The amount of the credit is the amount by which the person's
15 property tax liability attributable to the ~~person's qualified~~
16 **residential property homestead** for property taxes first due and
17 payable in that calendar year exceeds two percent (2%) of the
18 gross assessed value that is the basis for determination of property
19 taxes on the ~~qualified residential property homestead~~ for property
20 taxes first due and payable in that calendar year.

21 (b) ~~In the case of a credit provided by section 6.5(c) of this chapter~~
22 ~~for property taxes first due and payable in a calendar year:~~

23 (1) ~~a person is entitled to a credit against the person's property tax~~
24 ~~liability for property taxes first due and payable in that calendar~~
25 ~~year attributable to the person's real property and personal~~
26 ~~property located in the county; and~~

27 (2) ~~the amount of the credit is the amount by which the person's~~
28 ~~property tax liability attributable to the person's real property and~~
29 ~~personal property for property taxes first due and payable in that~~
30 ~~calendar year exceeds two percent (2%) of the gross assessed~~
31 ~~value that is the basis for determination of property taxes on the~~
32 ~~real property and personal property for property taxes first due~~
33 ~~and payable in that calendar year.~~

34 SECTION 3. IC 6-1.1-20.6-9.5, AS ADDED BY P.L.162-2006,
35 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JANUARY 1, 2007 (RETROACTIVE)]: Sec. 9.5. (a) ~~This section~~
37 ~~applies only to credits under this chapter against property taxes first~~
38 ~~due and payable after December 31, 2006.~~

39 (b) (a) The application of the credit under this chapter results in a
40 reduction of the property tax collections of each ~~political subdivision~~
41 **taxing unit with a levy in a taxing district to** which the credit is
42 applied. A ~~political subdivision taxing unit~~ may not increase its

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property tax levy to make up for that reduction.

~~(c)~~ **(b)** The county auditor shall in each calendar year notify each political subdivision **taxing unit with a levy in a taxing district** to which the credit under this chapter is applied of the reduction of property tax collections referred to in subsection ~~(b)~~ **(a)** for the ~~political subdivision taxing unit~~ for that year.

~~(d)~~ **(c)** A ~~political subdivision taxing unit~~ may not borrow money to compensate the ~~political subdivision taxing unit~~ or any other ~~political subdivision taxing unit~~ for the reduction of property tax collections referred to in subsection ~~(b)~~ **(a)**.

(d) Taxing units are required by law to fully fund the payment of debt service or lease rentals in an amount sufficient to pay any debt service or lease rentals on outstanding obligations, regardless of any reduction in collections due to the application of tax credits granted under this chapter. Any reduction in collections must be applied to the other funds of the taxing unit after debt service or lease rentals have been fully funded. The department of local government finance shall enforce this subsection.

SECTION 4. IC 35-41-1-10.5, AS AMENDED BY P.L.26-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: Sec. 10.5. "Family housing complex" means a building or series of buildings:

- (1) that contains at least twelve (12) dwelling units:
 - (A) where children are domiciled or are likely to be domiciled; and
 - (B) that are owned by a governmental unit or political subdivision;
- (2) that is operated as a hotel or motel (as described in IC 22-11-18-1);
- (3) that is operated as an apartment complex ~~(as defined in IC 6-1.1-20.6-1)~~; **consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;** or
- (4) that contains subsidized housing.

SECTION 5. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]: IC 6-1.1-20.6-1; IC 6-1.1-20.6-4; IC 6-1.1-20.6-5; IC 6-1.1-20.6-6.5; IC 6-1.1-20.6-9.

SECTION 6. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]

(a) The definitions in IC 6-1.1-1 and IC 36-1-2 apply throughout this SECTION.

(b) The following definitions apply throughout this SECTION:

- (1) "Credit" refers to a property tax credit that would have

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1 **been granted under IC 6-1.1-20.6-6.5 in 2007 to:**
2 **(A) an apartment complex (as defined in IC 6-1.1-20.6-1**
3 **(before its repeal by this act)); or**
4 **(B) residential rental property (as defined in**
5 **IC 6-1.1-20.6-5 (before its repeal by this act));**
6 **if this act had not repealed IC 6-1.1-20.6-6.5.**
7 **(2) "Credit reduction" refers to the elimination of a credit**
8 **resulting from the retroactive repeal of IC 6-1.1-20.6-6.5,**
9 **effective January 1, 2007.**
10 **(c) A county auditor:**
11 **(1) may apply the entire amount of a credit reduction in 2007**
12 **equally to all installments of property taxes first due from the**
13 **taxpayer in 2007; or**
14 **(2) if application of the credit reduction to the first installment**
15 **would delay the delivery of tax statements more than thirty**
16 **(30) days after the date that the tax statements would**
17 **otherwise be mailed or transmitted, may issue revised tax**
18 **statements and apply the entire credit reduction to the**
19 **property tax due in a later installment.**
20 **IC 6-1.1-22.5-6 does not apply if the county auditor elects to**
21 **proceed under subdivision (2).**
22 **(d) The department of local government finance may prescribe**
23 **procedures to apply a credit reduction in 2007 to tax statements. A**
24 **county auditor shall comply with the procedures prescribed under**
25 **this SECTION.**
26 **(e) The general assembly finds that a property tax credit**
27 **equivalent to the property tax credit permitted under**
28 **IC 6-1.1-20.6, as amended by this act, would have applied to**
29 **homesteads in Lake County if this act had not repealed**
30 **IC 6-1.1-20.6-6.5. Notwithstanding IC 6-1.1-20.6-6, as amended by**
31 **this act, IC 6-1.1-20.6, as amended by this act, applies to taxing**
32 **units and homestead taxpayers in Lake County for property taxes**
33 **first due and payable in 2007 to the same as if the county fiscal**
34 **body had adopted the ordinance required under IC 6-1.1-20.6-6, as**
35 **amended by this act, before July 1, 2006.**
36 **(f) This SECTION expires January 1, 2008.**
37 **SECTION 7. An emergency is declared for this act.**

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