
HOUSE BILL No. 1594

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12-44.

Synopsis: Rental dwelling property tax deduction. Establishes a property tax deduction for residential rental property. Specifies the deduction percentage for taxes payable in 2008 and 2009. Provides that the deduction for taxes payable after 2009 is based on deduction percentages set by the department of local government finance based on certain guidelines.

Effective: Upon passage.

Buell, Crawford, Smith M

January 23, 2007, read first time and referred to Committee on Public 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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HOUSE BILL No. 1594



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 6-1.1-12-44 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 44. (a) As used in this section:**
4 (1) **"2002 proportion"** means for property taxes first due and
5 payable in 2002 the proportion that the recalculated gross tax
6 liability per dollar of gross assessed value attributable to
7 principal rental dwellings bears to the recalculated gross tax
8 liability per dollar of gross assessed value attributable to all
9 dwellings;
10 (2) **"2010 proportion"** means for property taxes first due and
11 payable in 2010 the proportion that the recalculated gross tax
12 liability per dollar of gross assessed value attributable to
13 principal rental dwellings bears to the recalculated gross tax
14 liability per dollar of gross assessed value attributable to all
15 dwellings;
16 (3) **"condominium"** has the meaning set forth in IC 32-25-2-7;
17 (4) **"condominium building"** means a building in which one



- 1 (1) or more condominium units are located;
- 2 (5) "condominium unit" has the meaning set forth in
- 3 IC 32-25-2-9;
- 4 (6) "department" refers to the department of local
- 5 government finance;
- 6 (7) "dwelling" has the meaning set forth in IC 6-1.1-20.9-1(1);
- 7 (8) "gross assessed value" means assessed value without the
- 8 application of deductions under this chapter;
- 9 (9) "majority interest condominium owner" means a person,
- 10 an entity, or affiliated or related entities that own one (1) or
- 11 more condominium units that comprise more than fifty
- 12 percent (50%) of the area (excluding common areas) of a
- 13 condominium building;
- 14 (10) "principal rental dwelling" means:
- 15 (A) for the assessment date in 2001, a dwelling:
- 16 (i) for which the credit under IC 6-1.1-20.9 did not apply
- 17 for property taxes first due and payable in 2002; and
- 18 (ii) that had an assessed value of at least twelve thousand
- 19 dollars (\$12,000); and
- 20 (B) for the assessment date in 2009, a dwelling:
- 21 (i) that an individual with a leasehold interest in the
- 22 property uses as the individual's principal place of
- 23 residence, regardless of whether the individual is absent
- 24 from the property while in a facility described in
- 25 subsection (b); and
- 26 (ii) that has an assessed value of at least seventy
- 27 thousand dollars (\$70,000);
- 28 (11) "recalculated gross tax liability" means liability for
- 29 property taxes calculated without the application of:
- 30 (A) deductions under this chapter, except the deduction
- 31 under section 37 of this chapter; or
- 32 (B) any credit under this article; and
- 33 (12) "standard deduction amount" means the maximum
- 34 amount of the standard deduction under section 37(b)(2) of
- 35 this chapter.
- 36 (b) The term "principal rental dwelling" does not include any
- 37 of the following:
- 38 (1) A hospital licensed under IC 16-21.
- 39 (2) A facility licensed under IC 16-28.
- 40 (3) A Christian Science home or sanatorium.
- 41 (4) A group home licensed under IC 31-27.
- 42 (5) An establishment that serves as an emergency shelter for:

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1 (A) victims of domestic violence;
 2 (B) homeless persons; or
 3 (C) other similar purposes.
 4 (6) A fraternity, sorority, or student cooperative housing
 5 organization described in IC 6-2.5-5-21.
 6 (c) For property taxes first due and payable in 2008 and 2009,
 7 subject to subsections (j), (k), and (l), the owner of a building that
 8 contains one (1) or more dwellings that one (1) or more individuals
 9 with a leasehold interest in the property use as the individuals'
 10 principal place of residence (regardless of whether the individuals
 11 are absent from the property while in a facility described in
 12 subsection (b)) is entitled to a deduction from the assessed value of
 13 the building and the land on which the building is located in the
 14 amount determined under subsection (d).
 15 (d) Subject to subsection (e), if the number of dwellings
 16 described in subsection (c) in the building is:
 17 (1) less than five (5), the amount of the deduction under
 18 subsection (c) is the product of:
 19 (A) sixty-six percent (66%); and
 20 (B) the standard deduction amount; or
 21 (2) more than four (4), the amount of the deduction under
 22 subsection (c) is the product of:
 23 (A) the number of dwellings in the building;
 24 (B) the product of:
 25 (i) sixty-six percent (66%); and
 26 (ii) the standard deduction amount; and
 27 (C) the percentage from the following table that
 28 corresponds to the number of dwellings in the building:

NUMBER OF UNITS	PERCENTAGE
5 to 8	25%
9 to 20	15%
more than 20	10%

29
 30
 31
 32
 33 (e) The deduction amount under this section may not exceed
 34 fifty percent (50%) of the combined assessed value of the building
 35 and the land.
 36 (f) For property taxes first due and payable in 2010 and later
 37 years, deductions that are calculated in the same manner provided
 38 in subsection (d) apply, except that the deduction percentage
 39 determined by the department under subsection (g) is substituted
 40 for the percentage indicated in subsection (d)(1)(A).
 41 (g) Before January 1, 2009, the department shall, based on the
 42 department's best estimates:

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1 (1) for property taxes first due and payable in 2010, determine
 2 a deduction percentage calculated to result, when the
 3 deduction percentage is substituted under subsection (f), in a
 4 2010 proportion that equals the 2002 proportion; and
 5 (2) report the deduction percentage determined under
 6 subdivision (1) to:

7 (A) the legislative council in an electronic format under
 8 IC 5-14-6; and

9 (B) county auditors.

10 (h) A certificate of occupancy that complies with this subsection
 11 is prima facie evidence that a building and the land on which the
 12 building is located contain the number of dwellings specified in the
 13 certificate. To comply with this subsection, the certificate of
 14 occupancy must:

15 (1) be prepared on a form prescribed by the department;

16 (2) be signed under penalties of perjury by:

17 (A) the owner of the building containing one (1) or more
 18 dwellings; or

19 (B) the principal officer of the entity owning the building;
 20 and

21 (3) indicate that:

22 (A) with respect to a building that contains only one (1)
 23 dwelling, the unit was used as a principal place of
 24 residence; and

25 (B) with respect to a building that contains more than one
 26 (1) dwelling, substantially all the dwellings in the building
 27 were used as principal places of residence;

28 on the assessment date for which the deduction under this
 29 section applies.

30 (i) To obtain the deduction under this section, the:

31 (1) owner of the building containing a dwelling; or

32 (2) principal officer for the cooperative, common interest
 33 community, owner's association, or other entity owning the
 34 building;

35 must file a certified application in duplicate, on forms prescribed
 36 by the department, with the auditor of the county in which the
 37 property is subject to assessment. The certified application must be
 38 filed before May 11 of the year containing the assessment date to
 39 which the application applies.

40 (j) If the owner of a building containing a dwelling is eligible to
 41 receive:

42 (1) a homestead credit for the building under IC 6-1.1-20.9; or

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1 (2) the standard deduction for the building under section 37
2 of this chapter;
3 the owner may not claim the deduction provided under this section.
4 (k) If a parcel of land contains more than one (1) building for
5 which a deduction is claimed under this section, the township
6 assessor shall allocate the assessed value of the land among the
7 buildings on the parcel in proportion to the assessed value of each
8 building. The county auditor shall use the allocated assessed value
9 of land under this section in determining the amount of the
10 deduction that is to be granted under this section.
11 (l) The owner of a condominium unit that uses the condominium
12 unit as a dwelling is eligible for a deduction under this section.
13 Each condominium unit that is owned by a co-owner (as defined in
14 IC 32-25-2-11) that is not a majority interest condominium owner
15 is treated as a separate building for the purpose of applying this
16 section. The amount of the deduction under this section for one (1)
17 or more condominium units owned by a majority interest
18 condominium owner is:
19 (1) determined as if:
20 (A) the majority interest condominium owner were the
21 owner of the condominium building; and
22 (B) each condominium unit owned by the majority interest
23 condominium owner in the condominium building and
24 used as a dwelling were a separate dwelling contained in
25 the building; and
26 (2) apportioned equally among the condominium units in the
27 condominium building.
28 SECTION 2. [EFFECTIVE UPON PASSAGE] (a)
29 Notwithstanding IC 6-1.1-12-44(i), as added by this act, a certified
30 application must be filed before July 1, 2007, under that provision
31 to claim a deduction under IC 6-1.1-12-44, as added by this act, for
32 property taxes first due and payable in 2008.
33 (b) This SECTION expires January 1, 2009.
34 SECTION 3. An emergency is declared for this act.

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