

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6878

BILL NUMBER: SB 223

NOTE PREPARED: Jan 28, 2010

BILL AMENDED: Jan 21, 2010

SUBJECT: Mortgage deduction.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that the form prescribed by the Department of Local Government Finance (DLGF) to claim the mortgage deduction and the instructions for the form must both include a statement specifying that a person is not entitled to the deduction unless the person has a balance on the person's mortgage or contract indebtedness (including any home equity line of credit) that is the basis for the deduction. It requires the statement to specify the penalties for perjury. It requires the DLGF to develop a notice that must be displayed in the office of each county auditor concerning the application for the mortgage deduction.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) Under current law, a taxpayer who wishes to claim the mortgage deduction must file a form with the county auditor. The Department of Local Government Finance (DLGF) prescribes the form that the taxpayer uses.

This bill directs the DLGF to specifically include on the form a statement that the taxpayer is not entitled to a deduction unless the person has a balance on the person's mortgage or contract indebtedness (including any home equity line of credit) that is the basis for the deduction. The DLGF must also specify the penalty for perjury if the individual is convicted: a prison term of six (6) months to three (3) years. The DLGF also has to develop a notice that the county auditor must display in a conspicuous location. The notice informs the public of the penalties for falsely claiming the deduction, and that the form must be signed by the property owner or contract purchaser.

The fiscal impact of this bill is minimal. The current form could be modified to accommodate this requirement, and the notice could be generated on a computer to be downloaded by the counties or

transmitted to them. This is expected to be within the DLGF's routine administrative functions.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) County auditors have to display the notice developed by the DLGF in a conspicuous location. The cost of doing this is expected to be minimal.

Explanation of Local Revenues:

State Agencies Affected: DLGF.

Local Agencies Affected: County Auditors.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.