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# SENATE BILL No. 173

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-12.8.

**Synopsis:** Property tax deduction for new homes. Establishes a 100% property tax deduction for a new home, which includes a newly constructed home or an existing home that has not been previously occupied as a residence. Provides that: (1) the deduction applies only if the contracts for construction or purchase and financing are entered into after June 30, 2011, and before July 1, 2012; (2) the deduction period is five years unless the legislative body of the city, town, or county establishes a period of three or four years; and (3) the owner of the new home must apply to the county auditor for the deduction. Directs the department of local government finance to adopt rules.

**Effective:** Upon passage.

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### Young R Michael

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January 5, 2011, read first time and referred to Committee on Commerce & Economic Development.

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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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## SENATE BILL No. 173



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 6-1.1-12.8 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]:

4 **Chapter 12.8. New Home Deduction**

5 **Sec. 1. As used in this chapter, "dwelling" means any of the**  
6 **residential real property improvements that an individual uses as**  
7 **the individual's residence, including a house or garage.**

8 **Sec. 2. As used in this chapter, "new home" means an**  
9 **individual's principal place of residence:**

- 10 (1) that is located in Indiana;
- 11 (2) that the individual owns;
- 12 (3) that has not been previously occupied as a residence;
- 13 (4) that is subject to contracts for:
  - 14 (A) construction or purchase; and
  - 15 (B) if applicable, financing;
- 16 entered into after June 30, 2011, and before July 1, 2012; and
- 17 (5) that consists of a dwelling, excluding the real estate that



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immediately surrounds the dwelling.  
Sec. 3. (a) The owner of a new home is entitled to a deduction from the assessed value of the new home. The deduction applies for the first assessment date for which the owner is liable for the property taxes on the new home and, except as provided in subsection (b), for the assessment dates in the next succeeding four (4) years.

(b) Subject to subsection (c), the legislative body of:  
(1) the city or town in which the new home is located; or  
(2) the county in which the new home is located, if the new home is not located in a city or town;  
may determine by a resolution adopted not later than July 1, 2011, that a new home is entitled to a deduction under this chapter for a total of three (3) years or four (4) years instead of the total of five (5) years allowed under subsection (a). The legislative body shall certify a copy of a resolution adopted under this subsection to the county auditor.

(c) The legislative body may provide in a resolution adopted under subsection (b) that the period of the deduction under this chapter is three (3), four (4), or five (5) years depending on:  
(1) the assessed value of the new home; or  
(2) any other criteria that the legislative body considers appropriate.

Sec. 4. (a) Subject to subsection (b) and except as provided in subsection (c), the amount of the deduction that the property owner is entitled to receive under section 3 of this chapter for a particular year equals one hundred percent (100%) of the assessed value of the new home.

(b) The amount of the deduction determined under subsection (a) shall be adjusted in accordance with this subsection in the following circumstances:

(1) If:  
(A) a general reassessment of real property under IC 6-1.1-4-4; or  
(B) an annual adjustment under IC 6-1.1-4-4.5;  
occurs within the period of the deduction, the amount determined under subsection (a) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment or annual adjustment.  
(2) If within the period of the deduction an appeal of an assessment is approved, resulting in a change in the assessed value of the new home, the amount of any deduction shall be

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adjusted to reflect the percentage change that resulted from the appeal.

(c) The amount of the deduction determined under subsection (a) excludes any part of the assessed value of the new home attributable within the period of the deduction to an improvement, expansion, or other physical change to the real property.

Sec. 5. (a) A property owner who desires to obtain the deduction provided by section 3 of this chapter must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the new home is located. The department of local government finance shall include on the form a prominent notice to the property owner that the deduction period is temporary and that the property tax liability will increase substantially after the deduction period. Except as otherwise provided in subsection (b) or (e), the deduction application must be filed on or before May 10 of the year in which the addition to assessed valuation is made.

(b) If notice of the assessed value for a year is not given to the owner of the new home before April 10 of that year, the deduction application required by this section may be filed not later than thirty (30) days after the date the notice is mailed or transmitted to the owner.

(c) The deduction application required by this section must contain the following information:

- (1) The name of the owner of the new home.
- (2) A description of the new home for which a deduction is claimed, in sufficient detail to afford identification.
- (3) The assessed value of the new home.
- (4) Any other information required by the department of local government finance.

(d) A deduction application filed under subsection (a) or (b) applies for the first year and in the following years for which the deduction is allowed without any additional deduction application being filed.

(e) An owner of a new home who desires to obtain the deduction provided by section 3 of this chapter but who fails to file a deduction application within the dates prescribed in subsection (a) or (b) may file a deduction application on or after March 1 and not later than May 10 of a subsequent year. An application filed under this subsection applies for the year during which it is filed and for the subsequent years without any additional deduction application being filed for the amount of the deduction that would apply to

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those years under section 4 of this chapter if the deduction application had been filed in accordance with subsection (a) or (b).

(f) Subject to subsection (j), the county auditor shall examine a deduction application filed under this section and, if the county auditor determines that the application complies with this chapter, make the appropriate deduction:

(1) for a period of five (5) years under section 3(a) of this chapter; or

(2) if a resolution has been adopted under section 3(b) of this chapter, for the period determined in the resolution.

(g) Subject to subsection (h), the period of the deduction under this chapter is terminated by a change in the ownership of a new home, effective beginning on the first assessment date after the change of ownership.

(h) Subsection (g) does not apply to a new home for which a deduction was granted under this chapter and that, after a change in ownership, is owned by an individual who was a joint owner of the new home when the deduction was granted, if:

(1) the individual is the sole owner of the new home following the death of the individual's spouse;

(2) the individual is the sole owner of the new home following the death of a joint owner who was not the individual's spouse; or

(3) the individual is awarded sole ownership of the new home in a divorce decree.

(i) The township assessor or county assessor shall include a notice of the deadlines for filing a deduction application under subsections (a) and (b) with each notice of assessment sent to the owner of a new home.

(j) Before the county auditor acts under subsection (f), the county auditor may request that the township assessor of the township in which the new home is located, or the county assessor of the county in which the new home is located if there is no township assessor for the township, review the deduction application.

(k) A property owner may appeal a determination of the county auditor under subsection (f) to deny an application by requesting in writing a preliminary conference with the county auditor not more than forty-five (45) days after the county auditor gives the person notice of the determination. An appeal initiated under this subsection shall be processed and determined in the same manner that an appeal is processed and determined under IC 6-1.1-15.

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1           **Sec. 6. The department of local government finance:**  
2           **(1) shall adopt rules under IC 4-22-2; and**  
3           **(2) may adopt emergency rules in the manner provided in**  
4           **IC 4-22-2-37.1;**  
5           **to implement this chapter.**  
6           **SECTION 2. An emergency is declared for this act.**

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