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# HOUSE BILL No. 1086

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## DIGEST OF INTRODUCED BILL

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

**Synopsis:** Deduction for blind or disabled dependent. Establishes a \$12,480 property tax assessed value deduction on the residence of an individual who has a dependent who: (1) is blind or otherwise disabled; and (2) resides with the individual.

**Effective:** January 1, 2011 (retroactive).

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January 5, 2011, read first time and referred to Committee on Ways and Means.

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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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## HOUSE BILL No. 1086



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 6-1.1-12-11.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]: **Sec. 11.5. (a)**  
4 **Except as provided in section 40.5 of this chapter, for assessments**  
5 **that are the basis for property taxes first due and payable after**  
6 **2011, an individual may have the sum of twelve thousand four**  
7 **hundred eighty dollars (\$12,480) deducted from the assessed value**  
8 **of real property, a mobile home not assessed as real property, or**  
9 **a manufactured home not assessed as real property that the**  
10 **individual owns, or that the individual is buying under a contract**  
11 **that provides that the individual is to pay property taxes on the**  
12 **real property, mobile home, or manufactured home, if the contract**  
13 **or a memorandum of the contract is recorded in the county**  
14 **recorder's office, and if:**

- 15 (1) **the individual claims one (1) or more dependents on the**
- 16 **individual's federal or state income tax return or returns;**
- 17 (2) **the real property, mobile home, or manufactured home is**



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principally used and occupied by:

(A) the individual as the individual's residence; and

(B) at least one (1) of the dependents referred to in subdivision (1) as the dependent's residence;

(3) at least one (1) of the dependents who resides with the individual as described in subdivision (2) is blind or has a disability; and

(4) the individual:

(A) owns the real property, mobile home, or manufactured home; or

(B) is buying the real property, mobile home, or manufactured home under contract;

on the date the application required by section 12 of this chapter is filed.

(b) For purposes of this section, "blind" has the meaning set forth in IC 12-7-2-21(1).

(c) For purposes of this section, a dependent is considered to have a disability if the dependent is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that:

(1) can be expected to result in death; or

(2) has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(d) An individual filing a claim for a deduction under this section must submit proof of disability of the dependent in the form and manner prescribed by rule by the department of local government finance. Proof that a dependent is eligible to receive disability benefits under the federal Social Security Act (42 U.S.C. 301 et seq.) constitutes proof of disability for purposes of this section.

(e) A dependent with a disability not covered under the federal Social Security Act must be examined by a physician, and the dependent's disability shall be determined by using the same standards as used by the Social Security Administration. The costs of this examination shall be borne by the claimant.

(f) An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section against that real property, mobile home, or manufactured home.

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1 SECTION 2. IC 6-1.1-12-12, AS AMENDED BY P.L.1-2009,  
 2 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JANUARY 1, 2011 (RETROACTIVE)]: Sec. 12. (a) Except as  
 4 provided in section 17.8 of this chapter and subject to section 45 of this  
 5 chapter, a person who desires to claim the deduction provided in  
 6 section 11 or 11.5 of this chapter must file an application, on forms  
 7 prescribed by the department of local government finance, with the  
 8 auditor of the county in which the real property, mobile home not  
 9 assessed as real property, or manufactured home not assessed as real  
 10 property is located. With respect to real property, the application must  
 11 be filed during the year for which the individual wishes to obtain the  
 12 deduction. With respect to a mobile home that is not assessed as real  
 13 property or a manufactured home that is not assessed as real property,  
 14 the application must be filed during the twelve (12) months before  
 15 March 31 of each year for which the individual wishes to obtain the  
 16 deduction. The application may be filed in person or by mail. If mailed,  
 17 the mailing must be postmarked on or before the last day for filing.

18 (b) Proof of blindness may be supported by:

- 19 (1) the records of the division of family resources or the division
- 20 of disability and rehabilitative services; or
- 21 (2) the written statement of a physician who is licensed by this
- 22 state and skilled in the diseases of the eye or of a licensed
- 23 optometrist.

24 (c) The application required by this section must contain the record  
 25 number and page where the contract or memorandum of the contract  
 26 is recorded if the individual is buying the real property, mobile home,  
 27 or manufactured home on a contract that provides that the individual  
 28 is to pay property taxes on the real property, mobile home, or  
 29 manufactured home.

30 SECTION 3. IC 6-1.1-12-17.8, AS AMENDED BY  
 31 P.L.182-2009(ss), SECTION 109, IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]:  
 33 Sec. 17.8. (a) An individual who receives a deduction provided under  
 34 section 1, 9, 11, 11.5, 13, 14, 16, 17.4, or 37 of this chapter in a  
 35 particular year and who remains eligible for the deduction in the  
 36 following year is not required to file a statement to apply for the  
 37 deduction in the following year. However, for purposes of a deduction  
 38 under section 37 of this chapter, the county auditor may, in the county  
 39 auditor's discretion, terminate the deduction for assessment dates after  
 40 January 15, 2012, if the individual does not comply with the  
 41 requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county  
 42 auditor, before January 1, 2013. Before the county auditor terminates

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1 the deduction because the taxpayer claiming the deduction did not  
 2 comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January  
 3 1, 2013, the county auditor shall mail notice of the proposed  
 4 termination of the deduction to:

5 (1) the last known address of each person liable for any property  
 6 taxes or special assessment, as shown on the tax duplicate or  
 7 special assessment records; or

8 (2) the last known address of the most recent owner shown in the  
 9 transfer book.

10 (b) An individual who receives a deduction provided under section  
 11 1, 9, 11, **11.5**, 13, 14, 16, or 17.4 of this chapter in a particular year and  
 12 who becomes ineligible for the deduction in the following year shall  
 13 notify the auditor of the county in which the real property, mobile  
 14 home, or manufactured home for which the individual claims the  
 15 deduction is located of the individual's ineligibility in the year in which  
 16 the individual becomes ineligible. An individual who becomes  
 17 ineligible for a deduction under section 37 of this chapter shall notify  
 18 the county auditor of the county in which the property is located in  
 19 conformity with section 37 of this chapter.

20 (c) The auditor of each county shall, in a particular year, apply a  
 21 deduction provided under section 1, 9, 11, **11.5**, 13, 14, 16, 17.4, or 37  
 22 of this chapter to each individual who received the deduction in the  
 23 preceding year unless the auditor determines that the individual is no  
 24 longer eligible for the deduction.

25 (d) An individual who receives a deduction provided under section  
 26 1, 9, 11, **11.5**, 13, 14, 16, 17.4, or 37 of this chapter for property that is  
 27 jointly held with another owner in a particular year and remains eligible  
 28 for the deduction in the following year is not required to file a  
 29 statement to reapply for the deduction following the removal of the  
 30 joint owner if:

31 (1) the individual is the sole owner of the property following the  
 32 death of the individual's spouse;

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

35 (3) the individual is awarded sole ownership of the property in a  
 36 divorce decree.

37 However, for purposes of a deduction under section 37 of this chapter,  
 38 if the removal of the joint owner occurs before the date that a notice  
 39 described in IC 6-1.1-22-8.1(b)(9) is sent, the county auditor may, in  
 40 the county auditor's discretion, terminate the deduction for assessment  
 41 dates after January 15, 2012, if the individual does not comply with the  
 42 requirement in IC 6-1.1-22-8.1(b)(9), as determined by the county

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1 auditor, before January 1, 2013. Before the county auditor terminates  
2 the deduction because the taxpayer claiming the deduction did not  
3 comply with the requirement in IC 6-1.1-22-8.1(b)(9) before January  
4 1, 2013, the county auditor shall mail notice of the proposed  
5 termination of the deduction to the last known address of each person  
6 liable for any property taxes or special assessment, as shown on the tax  
7 duplicate or special assessment records or the last known address of the  
8 most recent owner shown in the transfer book.

9 (e) A trust entitled to a deduction under section 9, 11, **11.5**, 13, 14,  
10 16, 17.4, or 37 of this chapter for real property owned by the trust and  
11 occupied by an individual in accordance with section 17.9 of this  
12 chapter is not required to file a statement to apply for the deduction, if:

- 13 (1) the individual who occupies the real property receives a  
14 deduction provided under section 9, 11, **11.5**, 13, 14, 16, 17.4, or  
15 37 of this chapter in a particular year; and
- 16 (2) the trust remains eligible for the deduction in the following  
17 year.

18 However, for purposes of a deduction under section 37 of this chapter,  
19 the individuals that qualify the trust for a deduction must comply with  
20 the requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013.

21 (f) A cooperative housing corporation (as defined in 26 U.S.C. 216)  
22 that is entitled to a deduction under section 37 of this chapter in the  
23 immediately preceding calendar year for a homestead (as defined in  
24 section 37 of this chapter) is not required to file a statement to apply for  
25 the deduction for the current calendar year if the cooperative housing  
26 corporation remains eligible for the deduction for the current calendar  
27 year. However, the county auditor may, in the county auditor's  
28 discretion, terminate the deduction for assessment dates after January  
29 15, 2012, if the individual does not comply with the requirement in  
30 IC 6-1.1-22-8.1(b)(9), as determined by the county auditor, before  
31 January 1, 2013. Before the county auditor terminates a deduction  
32 because the taxpayer claiming the deduction did not comply with the  
33 requirement in IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the  
34 county auditor shall mail notice of the proposed termination of the  
35 deduction to:

- 36 (1) the last known address of each person liable for any property  
37 taxes or special assessment, as shown on the tax duplicate or  
38 special assessment records; or
- 39 (2) the last known address of the most recent owner shown in the  
40 transfer book.

41 (g) An individual who:  
42 (1) was eligible for a homestead credit under IC 6-1.1-20.9

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1 (repealed) for property taxes imposed for the March 1, 2007, or  
 2 January 15, 2008, assessment date; or  
 3 (2) would have been eligible for a homestead credit under  
 4 IC 6-1.1-20.9 (repealed) for property taxes imposed for the March  
 5 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had  
 6 not been repealed;

7 is not required to file a statement to apply for a deduction under section  
 8 37 of this chapter if the individual remains eligible for the deduction in  
 9 the current year. An individual who filed for a homestead credit under  
 10 IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if  
 11 the property is real property), or after January 1, 2008 (if the property  
 12 is personal property), shall be treated as an individual who has filed for  
 13 a deduction under section 37 of this chapter. However, the county  
 14 auditor may, in the county auditor's discretion, terminate the deduction  
 15 for assessment dates after January 15, 2012, if the individual does not  
 16 comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined  
 17 by the county auditor, before January 1, 2013. Before the county  
 18 auditor terminates the deduction because the taxpayer claiming the  
 19 deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9)  
 20 before January 1, 2013, the county auditor shall mail notice of the  
 21 proposed termination of the deduction to the last known address of  
 22 each person liable for any property taxes or special assessment, as  
 23 shown on the tax duplicate or special assessment records, or to the last  
 24 known address of the most recent owner shown in the transfer book.

25 (h) If a county auditor terminates a deduction because the taxpayer  
 26 claiming the deduction did not comply with the requirement in  
 27 IC 6-1.1-22-8.1(b)(9) before January 1, 2013, the county auditor shall  
 28 reinstate the deduction if the taxpayer provides proof that the taxpayer  
 29 is eligible for the deduction and is not claiming the deduction for any  
 30 other property.

31 (i) A taxpayer described in section 37(k) of this chapter is not  
 32 required to file a statement to apply for the deduction provided by  
 33 section 37 of this chapter for a calendar year beginning after December  
 34 31, 2008, if the property owned by the taxpayer remains eligible for the  
 35 deduction for that calendar year. However, the county auditor may  
 36 terminate the deduction for assessment dates after January 15, 2012, if  
 37 the individual residing on the property owned by the taxpayer does not  
 38 comply with the requirement in IC 6-1.1-22-8.1(b)(9), as determined  
 39 by the county auditor, before January 1, 2013. Before the county  
 40 auditor terminates a deduction because the individual residing on the  
 41 property did not comply with the requirement in IC 6-1.1-22-8.1(b)(9)  
 42 before January 1, 2013, the county auditor shall mail notice of the

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1 proposed termination of the deduction to:

2 (1) the last known address of each person liable for any property  
3 taxes or special assessment, as shown on the tax duplicate or  
4 special assessment records; or

5 (2) the last known address of the most recent owner shown in the  
6 transfer book.

7 SECTION 4. IC 6-1.1-12-17.9, AS AMENDED BY P.L.101-2008,  
8 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
9 JANUARY 1, 2011 (RETROACTIVE)]: Sec. 17.9. A trust is entitled  
10 to a deduction under section 9, 11, **11.5**, 13, 14, 16, or 17.4 of this  
11 chapter for real property owned by the trust and occupied by an  
12 individual if the county auditor determines that the individual:

13 (1) upon verification in the body of the deed or otherwise, has  
14 either:

15 (A) a beneficial interest in the trust; or

16 (B) the right to occupy the real property rent free under the  
17 terms of a qualified personal residence trust created by the  
18 individual under United States Treasury Regulation  
19 25.2702-5(c)(2);

20 (2) otherwise qualifies for the deduction; and

21 (3) would be considered the owner of the real property under  
22 IC 6-1.1-1-9(f) or IC 6-1.1-1-9(g).

23 SECTION 5. IC 6-1.1-12-43, AS AMENDED BY P.L.87-2009,  
24 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25 JANUARY 1, 2011 (RETROACTIVE)]: Sec. 43. (a) For purposes of  
26 this section:

27 (1) "benefit" refers to a deduction under section 1, 9, 11, **11.5**, 13,  
28 14, 16, 17.4, 26, 29, 31, 33, 34, 37, or 37.5 of this chapter;

29 (2) "closing agent" means a person that closes a transaction;

30 (3) "customer" means an individual who obtains a loan in a  
31 transaction; and

32 (4) "transaction" means a single family residential:

33 (A) first lien purchase money mortgage transaction; or

34 (B) refinancing transaction.

35 (b) Before closing a transaction after December 31, 2004, a closing  
36 agent must provide to the customer the form referred to in subsection  
37 (c).

38 (c) Before June 1, 2004, the department of local government finance  
39 shall prescribe the form to be provided by closing agents to customers  
40 under subsection (b). The department shall make the form available to  
41 closing agents, county assessors, county auditors, and county treasurers  
42 in hard copy and electronic form. County assessors, county auditors,

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- 1 and county treasurers shall make the form available to the general
- 2 public. The form must:
- 3 (1) on one (1) side:
- 4 (A) list each benefit;
- 5 (B) list the eligibility criteria for each benefit; and
- 6 (C) indicate that a new application for a deduction under
- 7 section 1 of this chapter is required when residential real
- 8 property is refinanced;
- 9 (2) on the other side indicate:
- 10 (A) each action by and each type of documentation from the
- 11 customer required to file for each benefit; and
- 12 (B) sufficient instructions and information to permit a party to
- 13 terminate a standard deduction under section 37 of this chapter
- 14 on any property on which the party or the spouse of the party
- 15 will no longer be eligible for the standard deduction under
- 16 section 37 of this chapter after the party or the party's spouse
- 17 begins to reside at the property that is the subject of the
- 18 closing, including an explanation of the tax consequences and
- 19 applicable penalties, if a party unlawfully claims a standard
- 20 deduction under section 37 of this chapter; and
- 21 (3) be printed in one (1) of two (2) or more colors prescribed by
- 22 the department of local government finance that distinguish the
- 23 form from other documents typically used in a closing referred to
- 24 in subsection (b).
- 25 (d) A closing agent:
- 26 (1) may reproduce the form referred to in subsection (c);
- 27 (2) in reproducing the form, must use a print color prescribed by
- 28 the department of local government finance; and
- 29 (3) is not responsible for the content of the form referred to in
- 30 subsection (c) and shall be held harmless by the department of
- 31 local government finance from any liability for the content of the
- 32 form.
- 33 (e) This subsection applies to a transaction that is closed after
- 34 December 31, 2009. In addition to providing the customer the form
- 35 described in subsection (c) before closing the transaction, a closing
- 36 agent shall do the following as soon as possible after the closing, and
- 37 within the time prescribed by the department of insurance under
- 38 IC 27-7-3-15.5:
- 39 (1) To the extent determinable, input the information described in
- 40 IC 27-7-3-15.5(c)(2) into the system maintained by the
- 41 department of insurance under IC 27-7-3-15.5.
- 42 (2) Submit the form described in IC 27-7-3-15.5(c) to the data

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1 base described in IC 27-7-3-15.5(c)(2)(D).  
 2 (f) A closing agent to which this section applies shall document the  
 3 closing agent's compliance with this section with respect to each  
 4 transaction in the form of verification of compliance signed by the  
 5 customer.  
 6 (g) Subject to IC 27-7-3-15.5(d), a closing agent is subject to a civil  
 7 penalty of twenty-five dollars (\$25) for each instance in which the  
 8 closing agent fails to comply with this section with respect to a  
 9 customer. The penalty:  
 10 (1) may be enforced by the state agency that has administrative  
 11 jurisdiction over the closing agent in the same manner that the  
 12 agency enforces the payment of fees or other penalties payable to  
 13 the agency; and  
 14 (2) shall be paid into:  
 15 (A) the state general fund, if the closing agent fails to comply  
 16 with subsection (b); or  
 17 (B) the home ownership education account established by  
 18 IC 5-20-1-27, if the closing agent fails to comply with  
 19 subsection (e) in a transaction that is closed after December  
 20 31, 2009.  
 21 (h) A closing agent is not liable for any other damages claimed by  
 22 a customer because of:  
 23 (1) the closing agent's mere failure to provide the appropriate  
 24 document to the customer under subsection (b); or  
 25 (2) with respect to a transaction that is closed after December 31,  
 26 2009, the closing agent's failure to input the information or submit  
 27 the form described in subsection (e).  
 28 (i) The state agency that has administrative jurisdiction over a  
 29 closing agent shall:  
 30 (1) examine the closing agent to determine compliance with this  
 31 section; and  
 32 (2) impose and collect penalties under subsection (g).  
 33 **SECTION 6. An emergency is declared for this act.**

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