
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials, County Auditors, & County Treasurers

FROM: Wesley R. Bennett, Commissioner

RE: Legislation Affecting Deductions, Exemptions, and Tax Bills

DATE: June 15, 2020

Please note that this memorandum is for informational purposes only, and it is not a substitute for reading the law.

I. Disabled Veteran Deduction & Over 65 Deduction and Circuit Breaker Credit

During the 2019 Legislative Session, Senate Enrolled Act 280-2019 (“SEA 280”) contained several revisions for the Over 65 Deduction, the Over 65 Circuit Breaker Credit, and the Disabled Veteran Deduction. For each of these tax incentives, there was an adjustment to the eligibility criteria and there was also a provision that specified that any increases in the assessed value of a property based solely on an annual adjustment or trending under Ind. Code § 6-1.1-4-4.5 were not to be considered when determining eligibility. In other words, even though annual adjustments to property value could not make an individual ineligible for any of these tax incentives, an increase in the assessed value based on physical inspections completed every four (4) years under cyclical reassessment could be considered when determining the eligibility of a taxpayer for the Over 65 Deduction, the Over 65 Circuit Breaker Credit, and the Disabled Veteran Deduction.

On March 21, 2020, Governor Holcomb signed into law House Enrolled Act 1113-2020 (“HEA 1113”). Section 16, 17 and 43 of HEA 1113 specifies that for the purpose of determining the assessed value of the real property for an individual who has received the Over 65 Deduction, the Disabled Veteran Deduction or the Over 65 Circuit Breaker Credit, any subsequent increase in assessed value should not be considered unless the increase is attributable to physical improvements to the property. This means that once an individual qualifies for the Over 65 Deduction or the Disabled Veteran Deduction, that individual will always qualify for the deduction, as long as the individual meets the other deduction criteria and the property is not sold or modified by a physical improvement. The modification to the assessed value limitations for these tax incentives would apply to any assessment date after December 31, 2019.

Beginning with taxes due in 2021, the following is a breakdown of the revised eligibility requirements for the Disabled Veteran Deduction, the Over 65 Deduction, and the Over 65 Circuit Breaker Credit:

Totally Disabled Veteran or Veteran at Least 62 with Disability of 10% or More

- (1) Applicant must own or be buying under contract the real property or mobile or manufactured home not assessed as real property on the date the application is filed (and contract or a memorandum of contract is recorded in the county recorder's office);
- (2) Applicant served in United States military service for at least 90 days and was honorably discharged;
- (3) Applicant is either totally disabled or at least 62 with at least 10% disability;
- (4) Assessed value of the applicant's Indiana real property or mobile or manufactured home not assessed as real property is not greater than \$200,000 at the time the individual first applies for the deduction; and
- (5) Deduction application is completed and signed on or before December 31 and filed with the county auditor on or before the following January 5 of the calendar year in which the property taxes are first due and payable.

A surviving spouse of a veteran may receive this deduction if the surviving spouse owns or is buying the property under contract at the time the deduction application is filed and if: (1) the veteran satisfied the above eligibility requirements at the time of death; or (2) the veteran was killed in action, died while service on active duty, or died while performing inactive duty training. The surviving spouse is entitled to the deduction regardless of whether the property for which the deduction is claimed was owned by the deceased veteran or the surviving spouse before the deceased veteran's death.

Over 65 Deduction

- (1) Applicant must own or be buying under contract the real property or mobile or manufactured home not assessed as real property on the date the application is filed;
- (2) Applicant is at least 65 on or before December 31 of the year preceding the year in which the deduction is claimed;
- (3) Applicant and any joint tenants or tenants in common other than a spouse reside in the real property or mobile or manufactured home;
- (4) For the calendar year preceding by two (2) years the calendar year in which the property taxes are first due and payable, the adjusted gross income of: (1) an individual who filed a single return, does not exceed \$30,000; (2) an individual who filed a joint return, does not exceed \$40,000; or (3) an individual and all other individuals that share ownership as joint tenants or tenants in common, does not exceed \$40,000;
- (5) Applicant has owned or has been buying under contract the real property or mobile home or manufactured home for at least one year before claiming the deduction;
- (6) Assessed value of the property does not exceed \$200,000 at the time the individual first applies for the deduction; and

- (7) Deduction application is completed and signed on or before December 31 and filed with the county auditor on or before the following January 5 of the calendar year in which the property taxes are first due and payable.

Over 65 Circuit Breaker Credit

- (1) Applicant qualified for the Homestead Deduction in the preceding calendar year and qualifies in the current year (or is an eligible surviving spouse);
- (2) For the calendar year preceding by two (2) years the calendar year in which the property taxes are first due and payable, the adjusted gross income of: (1) an individual who filed a single return, does not exceed \$30,000; or (2) an individual who filed a joint return with the individual's spouse, does not exceed \$40,000;
- (3) Applicant is or will be at least 65 on or before December 31 of the calendar year immediately preceding the current calendar year;
- (4) For individuals who: (1) received a credit before January 1, 2020, the gross assessed value of the homestead on the assessment date is less than \$200,000; or (2) initially apply for a credit after December 31, 2019, the assessed value of all of the individual's Indiana real property is less than \$200,000;
- (5) Credit application is filed in the same manner as the deduction for the Over 65 Deduction.

II. Appeal of Denied Deductions

Under current law, a taxpayer may not appeal to the township or county assessor a claim of error related to the denial of a deduction, exemption, abatement, or credit if the approval authority was not the county property tax board of appeals, the county auditor, the county assessor, or the township assessor. Taxpayers may currently appeal the omission or application of a deduction that was approved by an entity other than an assessing official, but only as it relates to the calculation of penalties and interest. Section 18 of HEA 1113 amends the appeals procedure under Ind. Code § 6-1.1-15-1.1 to permit taxpayers to appeal the omission or application of a deduction without the limitation to penalties and interest. The clarification provided under Section 18 of HEA will be effective on July 1, 2020.

III. Property Tax Bills & Notices of Assessment

Indiana Code § 6-1.1-22-8.1 specifies that the Department is required to prescribe the treasurer's property tax comparison statement, more commonly referred to as the property tax bill or "TS-1." Section 44 of HEA 1113 clarifies that the remittance coupon is a required portion of the property tax comparison statement that is prescribed by the Department. On November 12, 2019, the Department issued [guidance](#) on the boilerplate language that must be used for property tax bills and the corresponding remittance coupons.

Beginning with taxes due in 2021, property tax bills must also include information regarding how a taxpayer can obtain information regarding the taxpayer's notice of assessment or reassessment under Ind. Code § 6-1.1-4-22. Additional guidance for this portion of the tax bill

will be issued with the Department's yearly update to the TS-1 boilerplate language; however, for this portion of the tax bill, counties will have the option to either provide information about how a taxpayer can obtain information related to the notice of assessment or reference the date that the county plans to issue the Notice of Assessment of Land (Form 11).

IV. Property Tax Exemption Compliance

Section 85 of HEA 1113, effective January 1, 2017, provides that property owned by a nonprofit veteran's organization with property taxes payable in 2018-2020 may retroactively file a property tax exemption application and supporting documentation claiming a property tax exemption for the 2017, 2018, and 2019 assessment dates. In order to qualify for this property tax exemption, the property owned by the nonprofit veteran's organization must have been eligible for an exemption for the 2017, 2018, and 2019 assessment dates and the property owner must submit a property tax exemption application before September 1, 2020. Upon receipt of a timely submitted exemption application, the county must automatically grant the exemption for the 2017, 2018, and 2019 assessment dates.

Additionally, Section 85 of HEA 1113 specifies that a qualified taxpayer is not required to pay any property taxes, penalties, interest, or tax sale reimbursement expenses with respect to the property that is eligible for the exemption. If the eligible property owned by a nonprofit veteran's organization was subject to a tax sale or placed on the list certified under Ind. Code § 6-1.1-24-1 or Ind. Code § 6-1.1-24-1.5 because one (1) or more property tax installments were not timely paid, the county auditor shall remove the property from the list and a tax deed may not be issued for the property.

Contact Information

Questions may be directed to Emily Crisler, Deputy General Counsel, at (317) 234-8624 or emcrisler@dlgf.in.gov.