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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## Frequently Asked Questions

### Circuit Breaker Webinar

April 22, 2021

- **Can I get a copy of this presentation?**

Yes, we will send it out with the video and survey.

- **Does the DLGF assess large industrial real property?**

Yes, but assessment is not automatic in all cases. Under state law, an industrial facility qualifies for assessment by the Department if it has an estimated assessed value of \$35,000,000 or more. The Department must assess any qualified industrial facilities in Lake County. In other counties, the Department must have received a petition from the county assessor, the industrial company, or a sufficient number of property owners located in the township where the industrial facility resides. State law gives the Department discretion whether to assess the industrial facility in response to a petition.

- **When will we get the actual amount of circuit breaker for units?**

They are posted on the Department's webpage under the County Specific Information link.

- **Are the circuit breaker estimate included in the 1782 notice? And then the actual circuit breaker numbers come out on the 4B form in July?**

The circuit breaker estimate for each fund will be included on the 1782 notice. The actual circuit breaker values will be available on a standalone report that the Department will post on our website.

- **When will the circuit breaker waiver information ("protected tax waiver") be available?**

One of the values that we need to calculate the protected tax waiver qualifications is the current year circuit breaker totals. The Department released the protected tax waiver memo and application on Monday, April 19.

- **I am in Marion County. There is a taxing unit in my area called Perry Outside. I am curious, what does the "Outside" mean? Does it just mean it is not in any other taxing unit? Also, is there a map anywhere on Gateway or anywhere else that shows the taxing units with boundaries?**

This is a complicated question.

The Perry Township taxing units cover nine separate taxing districts in Marion County, including taxing district 500 which is labeled "Perry Outside." All nine taxing districts pay the same township rate, but the difference between each of the nine is the other rates that they pay. Maybe

the taxing district includes the Town of Homecroft, Beech Grove. Or maybe the township is or is not covered by the Indianapolis Sanitation district.

The Department doesn't maintain a traditional map with the boundaries, but we do maintain a website that will show which units are in which districts, and which districts are made up of which units. This information can be found at <https://budgetnotices.in.gov/>. The Marion County auditor may have the type of map described.

- **What would be my tax cap percentage if I rented out my home?**

Keep in mind that under state law, to qualify for the 1% tax cap, the property must be receiving the homestead deduction. See IC 6-1.1-20.6-2(a). So, a principal place of residence cannot have the 1% cap if there is no homestead deduction in place for that property. All other residential properties, including rental property, have a 2% property tax cap.

- **How do we report ineligible homestead deductions?**

IC 6-1.1-36-17 states that if the county auditor determines that a property was not eligible for a homestead deduction within three (3) years after the date the taxes were first due, the auditor can issue a notice of back taxes, interest, and penalties. The Department recommends that auditors and their staff read IC 6-1.1-36-17 in its entirety to fully understand the process for handling an ineligible homestead deduction.

The Department emphasizes that auditors have the discretion to seek the taxes and penalty corresponding to an ineligible homestead deduction. Moreover, if an auditor chooses to seek the taxes and penalty, the auditor may do so only within three (3) years after the date on which taxes for the particular year are first due. An auditor choosing to seek the taxes and penalty must issue a notice of taxes, interest, and penalties due to the owner that improperly received the deduction and include a statement that the payment is to be made payable to the county auditor. Finally, the Department stresses that this process is administered locally, thus a notice of an ineligible homestead is not to be reported to the Department.