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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO: Council Fiscal Bodies & County Auditors**

**FROM: Jason Cockerill, Commissioner**

**RE: County Option Circuit Breaker Tax Credit**

**DATE: July 28, 2025**

The Department of Local Government Finance ("Department") issues this memorandum to inform and remind local officials about the County Option Circuit Breaker Tax Credit, located in Ind. Code § 6-1.1-49, which was added as a new chapter to the Indiana Code effective July 1, 2023, and which is currently set to expire on January 1, 2028. This chapter permits a county fiscal body to enact an ordinance establishing a circuit breaker tax credit for qualified individuals within a designated "neighborhood enhancement district" ("district").

This memorandum is for informative purposes only and is not a substitute for reading the law.

As outlined in Ind. Code § 6-1.1-49-3, a "qualified individual" is an individual who:

- (1) has received a homestead deduction for the qualified individual's homestead property in the immediately preceding calendar year;
- (2) is receiving a homestead deduction for the same homestead property in the current calendar year;
- (3) has lived in the homestead property for at least ten (10) years on or before December 31 of the calendar year immediately preceding the current calendar year;
- (4) if fifty-five (55) years of age or older on or before December 31 of the calendar year preceding the year in which the credit is claimed; and
- (5) had an adjusted gross income below the specified amounts, as outlined in the ordinance adopted by the county fiscal body, for the calendar year that is two (2) years prior to the year in which the credit is applied.

The ordinance adopted by the county fiscal body under Ind. Code § 6-1.1-49-4 must:

- (1) Include a boundary description of the district or districts to which the ordinance applies. The district may include all of the territory of the county or

one (1) or more specific geographic territories within the county. However, the boundary description must be sufficient to identify the parcel or parcels to which the credit may be applied, including by taxing district, a parcel list, or a legal description.

- (2) Specify any income thresholds for a qualified individual. The same income thresholds must be applied to each district designated in the county.
- (3) Specify the percent increase on a qualified individual's property tax liability in a particular year compared to the prior year that is used to determine the amount of the credit. The percent must be at least two percent (2%) but not exceed five percent (5%). The same percentage must be applied to each district designated in the county.
- (4) Specify that the credit cannot be applied to property taxes first due and payable after December 31, 2027.
- (5) Specify any other requirements pertaining to eligibility. The same additional requirements must be applied to each district designated in the county.

The ordinance is effective January 1 of the year following the year in which the ordinance is adopted. The county fiscal body may later rescind the ordinance.

If a county fiscal body adopts an ordinance to either provide a circuit breaker tax under Ind. Code § 6-1.1-49 or to rescind an ordinance previously adopted under that chapter, the county fiscal body must, not later than fifteen (15) days after the adoption of the ordinance, give notice of the adoption of the ordinance to the Department, the county auditor, and the fiscal officer of each taxing unit within the neighborhood enhancement district. County fiscal bodies should submit ordinances to the Department by emailing [Jenny Banks](#). All ordinances adopted and submitted to the Department will be made publicly available on the Department's website under the [County Specific Information](#) section for the relevant county.

To claim the credit, a qualified individual must file a certified statement with the county auditor. Individuals seeking to claim the credit should use the prescribed [Application for County Option Circuit Breaker Credit \(SF 57323\)](#). After submitting a certified statement, a qualified individual is not required to file another one in the subsequent year, provided they continue to meet the eligibility requirements for the credit in that year.

In terms of restrictions:

- (1) Only one (1) credit can be claimed per homestead by any qualified individual.
- (2) A qualified individual who receives this credit is unable to claim the Over 65 Circuit Breaker Credit under Ind. Code § 6-1.1-20.6-8.5.

- (3) The credit will not be applied to any portion of the homestead that is used for trade or business purposes in connection with the production of income.

The amount of the credit is equal to the amount that prevents the qualified individual's property tax liability on the homestead from increasing by the percent stated in the ordinance authorizing the credit. As stated above, this percentage must be between 2% and 5%. Therefore, a qualified individual's homestead property tax liability (excluding income-producing property) may be at least 102% but not more than 105% of the previous year's property tax liability on that same property.

The county auditor shall apply the credit to each qualified individual who received the credit in the prior year unless either of the following happens:

- (1) The county auditor determines the qualified individual is no longer eligible to receive the credit.
- (2) The county fiscal body rescinds or repeals the ordinance authorizing the credit.

The county auditor is obliged to remove the credit when the homestead property changes ownership, and the qualified individual no longer owns or resides in it. The qualified individual must file a certified statement with the county auditor when the use of the property partially or entirely changes, or when the individual knows or should have known that they no longer qualify for the credit. This statement must be submitted within sixty (60) days of becoming aware of the ineligibility or change of use. Failure to provide this statement will result in the payment of additional taxes that would have been due had the credit not been applied to the property, along with a civil penalty of ten percent (10%). The additional taxes owed, and the civil penalty become part of the property tax liability.

Questions may be directed to Jenny Banks at (317) 234-4376 or [jbanks@dlgf.in.gov](mailto:jbanks@dlgf.in.gov).