

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials & County Auditors

FROM: Jason Cockerill, Commissioner

DATE: May 27, 2026

SUBJECT: Legislation Affecting Deductions, Credits, and Exemptions

The Department of Local Government Finance (“Department”) issues this memorandum to inform the public of legislative changes concerning property tax deductions, credits, and exemptions. The relevant legislation is House Enrolled Act 1210-2026 (“HEA 1210”); House Enrolled Act 1406-2026 (“HEA 1406”); Senate Enrolled Act 80-2026 (“SEA 80”); and Senate Enrolled Act 163-2026 (“SEA 163”). Governor Mike Braun signed SEA 163 on March 5, 2026, and signed HEA 1210, HEA 1406, and SEA 80 on March 12, 2026.

Please note that this memorandum is for informational purposes only and is not a substitute for reading the law. Except as otherwise stated, all provisions are effective July 1, 2026.

I. The Homestead Deduction

Section 54 of HEA 1210 amends Ind. Code § 6-1.1-12-37 in three ways.

A. Technical Correction

First, it makes a technical correction within the definition of “homestead.” This correction merely reflects the fact that another statute, Ind. Code § 6-1.1-12-17.9, is not expired, as the homestead statute indicated.

B. Definition of “principal place of residence”

Second, the definition of “principal place of residence” is added. For property to meet the definition of “homestead” and qualify for the homestead standard deduction, it must be an individual’s principal place of residence. The definition of “principal place of residence” is:

an individual’s true, fixed, permanent home to which the individual has the intention of returning after an absence.

This definition of “principal place of residence” has long applied in the context of the homestead standard deduction but was provided through the administrative rules of the Department under 50 IAC 24-2-5. Now, this definition has been added to Ind. Code § 6-1.1-12-37. In other words,

the definition of “principal place of residence” will now be housed in Indiana Code instead of Administrative Code.

C. Homestead Deduction Ineligibility

Third, Ind. Code § 6-1.1-12-37(g) is amended. This subsection requires individuals who are receiving or seeking to receive the homestead standard deduction to notify the county auditor within sixty (60) days of becoming ineligible for the deduction because of a change in use of the property or because the individual is already receiving another homestead deduction in that person’s name (as an individual or as a spouse) or receiving an equivalent deduction in another state. Now, this subsection will provide that a person who fails to notify the auditor as required and claims the deduction *shall* (instead of may) be liable for any additional taxes that would have been due on the homestead property plus a civil penalty equal to ten percent (10%) of the additional taxes due.

Relatedly, Section 90 of HEA 1210 amends Ind. Code § 6-1.1-36-17 to specify that, if an auditor determines that property was not eligible for a homestead deduction in a particular year (within three years after the tax due date), the auditor *shall* (instead of may) issue a notice of taxes, interest, and penalties due to the owner. HEA 1210 adds that the auditor shall include in the notice a ten percent (10%) fine as a penalty for claiming the homestead deduction falsely, which shall be calculated as ten percent (10%) of the taxpayer’s total tax bill as if the homestead deduction had not been applied. This is in addition to all other penalties for which the taxpayer is liable.

II. SEA 1-2025 - Reminders

A. Decrease to Homestead Standard Deduction Amount

The Department offers a reminder that the homestead standard deduction amount will continue to phase down according to the amounts listed in Ind. Code § 6-1.1-12-37(c). The deduction amount for the specified years is as follows:

- (1) for assessment dates before January 1, 2025 – the lesser of 60% of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property or \$48,000;
- (2) for the 2025 assessment date, \$48,000;
- (3) for the 2026 assessment date, \$40,000;**
- (4) for the 2027 assessment date, \$30,000;
- (5) for the 2028 assessment date, \$20,000;
- (6) for the 2029 assessment date, \$10,000;
- (7) for the 2030 assessment date and each assessment date thereafter, \$0.

B. Increase to Supplemental Homestead Deduction Amount

Similarly, the supplemental homestead deduction amount will continue to increase according to the amounts listed in Ind. Code § 6-1.1-12-37.5. The amount of the supplemental homestead

deduction will be the assessed value of property as reduced by the homestead standard deduction for the particular tax year multiplied by:

- (1) 40%, for taxes due and payable in 2026;
- (2) 46%, for taxes due and payable in 2027;**
- (3) 52%, for taxes due and payable in 2028;
- (4) 57%, for taxes due and payable in 2029;
- (5) 62%, for taxes due and payable in 2030;
- (6) 66.7%, for taxes due and payable in 2031 and each year thereafter.

C. Increase to Amount of Deduction for 2% Circuit Breaker Credit Properties

In the 2025 legislative session, a deduction for 2% circuit breaker credit properties was added by Section 52 of SEA 1-2025, which enacted Ind. Code § 6-1.1-12-47 as a new section of code. The amount of this deduction will continue to phase in over the next several years. As a reminder, property that is subject to the credit for excessive property taxes (commonly referred to as circuit breaker credits or property tax caps) under Ind. Code § 6-1.1-20.6-7.5(a)(2) through Ind. Code § 6-1.1-20.6-7.5(a)(4) is considered “eligible property” and should receive this deduction. The properties under these subsections include:

- (1) Ind. Code § 6-1.1-20.6-7.5(a)(2) – Residential Property
- (2) Ind. Code § 6-1.1-20.6-7.5(a)(3) – Long Term Care Property
- (3) Ind. Code § 6-1.1-20.6-7.5(a)(4) – Agricultural Land

Taxpayers with eligible property are entitled to a deduction from the assessed value of their eligible property after the application of any other deductions that apply under Ind. Code § 6-1.1 in an amount equal to:

- (1) 6% of AV for 2025 Pay 2026
- (2) 12% of AV for 2026 Pay 2027**
- (3) 19% of AV for 2027 Pay 2028
- (4) 25% of AV for 2028 Pay 2029
- (5) 30% of AV for 2029 Pay 2030
- (6) 33.4% of AV for 2030 Pay 2031 and for assessments made in each taxable year thereafter.

Taxpayers are not required to file an application to receive this deduction, meaning auditors should continue to identify eligible properties and apply the deduction to those properties at the correct amount for the applicable year.

III. Deductions and Credits for Veterans with Disabilities

HEA 1210 makes several changes to the property tax deductions and credits available to veterans with disabilities. The Department will be making necessary updates to relevant application forms to reflect these changes.

A. Deductions

Deduction for Surviving Spouse of World War I Veteran - Section 50 of HEA 1210, retroactively effective January 1, 2025 (and thus applicable as of 2025 Pay 2026), amends Ind. Code § 6-1.1-12-16 to reinstate the deduction for surviving spouses of World War I veterans. Given the limited number of impacted taxpayers, affected counties should have already received direct communication from the Department on implementing this reinstatement.

Deduction for Veteran with Service-Connected Disability - Section 46 of HEA 1210, retroactively effective January 1, 2026 (and thus applicable as of 2026 Pay 2027), amends Ind. Code § 6-1.1-12-13, which provided for a deduction in the amount of \$24,960 for veterans with a service-connected disability. HEA 1210 states that this deduction only applies to property taxes imposed for an assessment date before January 1, 2026, essentially repealing the deduction as of the January 1, 2026, assessment date. However, HEA 1210 replaces this expired deduction with a new \$350 property tax credit under Ind. Code § 6-1.1-51.3-6 (see *Credits* below for details).

Deduction for Totally Disabled Veteran or Veteran at Least 62 with Disability of 10% or More - Section 47 of HEA 1210, retroactively effective January 1, 2026 (and thus applicable as of 2026 Pay 2027), amends Ind. Code § 6-1.1-12-14, which provided for a deduction in the amount of \$14,000 for veterans who had either a total disability or who were at least 62 years old and had a disability of at least 10%. The eligibility requirements for the deduction have been modified, and the amount of the deduction has been increased. While some previously eligible individuals will no longer qualify for the deduction under Ind. Code § 6-1.1-12-14, HEA 1210 adds a new \$250 property tax credit under Ind. Code § 6-1.1-51.3-5 (see *Credits* below for details).

Under Ind. Code § 6-1.1-12-14, as amended by HEA 1210:

- (1) the deduction is now available only to veterans who have a total disability;
- (2) the deduction amount has been increased to 100% of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property;
- (3) the deduction now requires that the applicant uses the property as the individual's principal place of residence and that the individual resides in Indiana for at least one (1) year before the assessment date for which the deduction is claimed;
- (4) there is no longer a limitation on the assessed value of the property receiving the deduction (previously, an assessed value limit of \$240,000 applied as of the January 1, 2024, assessment date);
- (5) an individual who receives this deduction is now unable to receive a local property tax credit under Ind. Code §6-1.1-51.3; and
- (6) a surviving spouse of an individual may still receive the deduction if the individual satisfied the eligibility requirements at the time of death and the surviving spouse owns or is buying the property under contract at the time the deduction application is filed. However, the surviving spouse is no longer eligible for the deduction if the surviving spouse subsequently remarries.

Note, however, that this deduction amount is still subject to the limitation under Ind. Code § 6-1.1-12-40.5. This section limits the sum of deductions provided under Ind. Code § 6-1.1-12 (excluding the supplemental homestead deduction) to a mobile or manufactured home not assessed as real property to no more than one-half (1/2) of the assessed value of the home.

The requirements contained in Ind. Code § 6-1.1-12-14 for the deduction are further summarized below:

MAX AMOUNT**	ELIGIBILITY REQUIREMENTS	APPLICATION FORM	RESTRICTIONS
100% of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property	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) The real property or mobile or manufactured home not assessed as real property is used by the applicant as the applicant's homestead (principal place of residence); 3) Applicant has resided in Indiana for at least one (1) year before the assessment date for which the deduction is claimed; 4) Applicant served in U.S. military or naval forces for at least 90 days and was honorably discharged; 5) Applicant is totally disabled; 6) Complete, sign, and file application with the county auditor where the property is located on or before January 15 of the calendar year in which the property taxes are first due and payable. 7) 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 the veteran satisfied eligibility requirements 4) and 5) above at the time of death; 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.	State Form 12662. Pension Certificate or Award of Compensation from VA; or Certificate of Eligibility issued by IDVA. Surviving spouse must provide the documentation necessary to establish that at the time of death the deceased veteran satisfied the eligibility requirements.	A person may not claim this deduction with the Deduction for Homestead Donated to Veteran. An individual who receives this deduction may not receive a local property tax credit under IC 6-1.1-51.3. A surviving spouse is no longer eligible for the deduction if the surviving spouse subsequently remarries.
** The sum of the deductions applied to a mobile home or a manufactured home not assessed as real property may not exceed one-half of the assessed value of the mobile home or manufactured home (see IC 6-1.1-12-40.5). This restriction does not apply to the Supplemental Homestead Deduction.			

As further detailed under *Credits* below, HEA 1210 provides that, for all taxpayers who received the deduction for total disabled veterans or veterans at least 62 with a disability of 10% or more under Ind. Code § 6-1.1-12-14 before the enactment of HEA 1210, the county auditor shall not apply the deduction under Ind. Code § 6-1.1-12-14 and shall instead apply the new \$250 property tax credit under Ind. Code § 6-1.1-51.3-5. This is notwithstanding Ind. Code § 6-1.1-12-

17.8, which otherwise provides for the automatic carryover of deductions from one year to the next. This automatic conversion of the deduction to the credit only applies for the 2026 assessment date for taxes due and payable in 2027 and means that taxpayers who previously received the \$14,000 deduction under Ind. Code § 6-1.1-12-14 need not submit a new application to receive the new \$250 credit under Ind. Code § 6-1.1-51.3-5.

Because of this automatic conversion, taxpayers who now qualify for the 100% deduction under Ind. Code § 6-1.1-12-14 *will* need to submit a new application to receive the 100% deduction rather than the \$250 credit. Once a taxpayer has applied for the deduction and the auditor has approved it, the automatic carryover provision under Ind. Code § 6-1.1-12-17.8 would apply again and would mean that no further application is necessary if the individual who receives the deduction remains eligible.

Deductions and Vehicle Excise Tax - Section 150 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-6-5-5, which allowed a person who owned a vehicle and who was entitled to a deduction under Ind. Code § 6-1.1-12-13 or -14 to apply any unused portion of the deduction to excise tax in the amount of two dollars (\$2) on each one hundred dollars (\$100) of taxable value or major portion thereof.

Ind. Code § 6-6-5-5 now reflects the expiration of the deduction for veterans with a service-connected disability under Ind. Code § 6-1.1-12-13. It also reflects the reinstatement of the deduction for surviving spouses of World War I veterans under Ind. Code § 6-1.1-12-16, making those deduction recipients eligible once more to apply unused portions of that deduction to excise taxes. While Ind. Code § 6-6-5-5 still allows any unused portion of the newly-modified 100% deduction for totally disabled veterans to be applied to a veteran's excise tax, that deduction amount is now expressed as a percentage (100%) of assessed value rather than a flat dollar amount. Thus, it is unclear how any portion of the deduction would ever remain unused.

Section 151 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-6-5-5.2. This section enables veterans who do not own or are not buying a property under contract (or their surviving spouses) to receive a credit toward vehicle excise taxes if they otherwise satisfy the requirements for a deduction under Ind. Code § 6-1.1-12-13 or -14.

Ind. Code § 6-6-5-5.2 now reflects the expiration of the deduction for veterans with a service-connected disability under Ind. Code § 6-1.1-12-13 and the reinstatement of the deduction for surviving spouses of World War I veterans under Ind. Code § 6-1.1-12-16.

B. Credits

Credit for Veteran at Least 62 with Disability of 10% or More - Section 96 of HEA 1210, retroactively effective January 1, 2026, adds Ind. Code § 6-1.1-51.3-5 as a new section of code. Ind. Code § 6-1.1-51.3-5 provides a new credit for veterans at least 62 years old with a disability of 10% or more that applies against local property taxes imposed on the veteran's real property or mobile home or manufactured home within the county. The credit is described below:

MAX AMOUNT	ELIGIBILITY REQUIREMENTS	APPLICATION FORM	RESTRICTIONS
\$250	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 U.S. military or naval forces for at least 90 days and was honorably discharged; 3) Applicant is at least 62 years old with at least 10% disability; 4) Complete, sign, and file application with the county auditor on or before January 15 of the calendar year in which the property taxes are first due and payable. 5) Surviving spouse of a veteran may receive this credit if the surviving spouse owns or is buying the property under contract at the time the credit 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 serving on active duty, or died while performing inactive duty training. The surviving spouse is entitled to the credit regardless of whether the property for which the credit is claimed was owned by the deceased veteran or the surviving spouse before the deceased veteran's death.	State Form 12662. Pension Certificate or Award of Compensation from VA, or Certificate of Eligibility issued by IDVA. Surviving spouse must provide the documentation necessary to establish that at the time of death the deceased veteran satisfied the eligibility requirements.	An individual who receives the deduction under IC 6-1.1-12-14 may not receive this (or any other) local property tax credit under IC 6-1.1-51.3.

As noted above, subsection (g) of the newly-added Ind. Code § 6-1.1-51.3-5 provides that, for 2026 Pay 2027 only, the county auditor shall not apply the deduction under Ind. Code § 6-1.1-12-14 to taxpayers who had previously received that deduction but shall instead apply this new \$250 credit. However, this automatic conversion does not prohibit a taxpayer from applying for the modified 100% deduction for totally disabled veterans under Ind. Code § 6-1.1-12-14. If a taxpayer applies and qualifies for that deduction, the auditor should apply the deduction instead of this credit.

Indiana Code § 6-1.1-51.3-5 states that an individual who receives the credit and remains eligible for the credit in a following year is not required to file an application for the credit in that following year. However, an individual who receives the credit in a particular year and who becomes ineligible for the credit in the following year must notify the county auditor not later than 60 days after the individual becomes ineligible.

Indiana Code § 6-1.1-51.3-5 also states that an individual who receives the \$250 credit may receive any other property tax credit that the individual is entitled to by law. This includes the new \$350 credit under Ind. Code § 6-1.1-51.3-6 (described below), the Over 65 Credit, and the Blind/Disabled Credit.

Credit for Veteran with Service-Connected Disability - Section 97 of HEA 1210, retroactively effective January 1, 2026, adds Ind. Code § 6-1.1-51.3-6 as a new section of code. Ind. Code § 6-1.1-51.3-6 provides a new credit for veterans with a service-connected disability that applies against local property taxes imposed on the veteran's real property or mobile home or manufactured home within the county. The credit is described below:

MAX AMOUNT	ELIGIBILITY REQUIREMENTS	APPLICATION FORM	RESTRICTIONS
\$350	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 received an honorable discharge after serving in U.S. military or naval forces during any of its wars; 3) Applicant has a service-connected disability of at least 10%; 4) Complete, sign, and file application with the county auditor on or before January 15 of the calendar year in which the property taxes are first due and payable. 5) Surviving spouse of a veteran may receive this credit if the veteran satisfied the above eligibility requirements at the time of death and the surviving spouse owns or is buying the property under contract at the time the credit application is filed. The surviving spouse is entitled to the credit regardless of whether the property for which the credit is claimed was owned by the deceased veteran or the surviving spouse before the deceased veteran's death.	State Form 12662. Pension Certificate, Award of Compensation, or disability compensation check from VA; or Certificate of Eligibility issued by IDVA. Surviving spouse must provide the documentation necessary to establish that at the time of death the deceased veteran satisfied the eligibility requirements.	An individual who receives the deduction under IC 6-1.1-12-14 may not receive this (or any other) local property tax credit under IC 6-1.1-51.3.

In contrast to the automatic conversion provision under Ind. Code § 6-1.1-51.3-5, Ind. Code § 6-1.1-51.3-6 does not provide for the automatic application of this new credit to taxpayers who previously received the \$24,960 deduction under Ind. Code § 6-1.1-12-13. The statute provides that individuals wishing to claim the new credit must apply on the form prescribed by the Department. However, **the Department recommends that counties automatically transfer individuals currently receiving the \$24,960 deduction to the \$350 new credit.**

Indiana Code § 6-1.1-51.3-6 states that an individual who receives the credit and remains eligible for the credit in a following year is not required to file an application for the credit in that following year. However, an individual who receives the credit in a particular year and who becomes ineligible for the credit in the following year must notify the county auditor not later than 60 days after the individual becomes ineligible.

Indiana Code § 6-1.1-51.3-6 also states that an individual who receives the \$350 credit may receive any other property tax credit that the individual is entitled to by law. This includes the new \$250 credit under Ind. Code § 6-1.1-51.3-5 (described above), the Over 65 Credit, and the Blind/Disabled Credit.

C. Automatic Carryover of Deductions and Credits

To reiterate, subsection (g) of Ind. Code § 6-1.1-51.3-5 (credit for veterans at least 62 with a disability of 10% or more) provides that, for 2026 Pay 2027 only, the county auditor shall not apply the deduction under Ind. Code § 6-1.1-12-14 to taxpayers who had previously received that deduction but shall instead apply the new \$250 credit. This automatic conversion of the deduction under Ind. Code § 6-1.1-12-14 to the new \$250 credit under Ind. Code § 6-1.1-51.3-5 does not prohibit a taxpayer from applying for and receiving the modified 100% deduction for totally disabled veterans deduction under Ind. Code § 6-1.1-12-14.

Section 52 of HEA 1210, retroactively effective January 1, 2025, amends Ind. Code § 6-1.1-12-17.8. The amendment reflects the expiration of the deduction for veterans with a service-connected disability (Ind. Code § 6-1.1-12-13) and the reinstatement of the deduction for surviving spouses of World War I veterans (Ind. Code § 6-1.1-12-16). Subsection (j) is also added to specify that a surviving spouse of a World War I veteran who received a deduction under Ind. Code § 6-1.1-12-16 for the January 1, 2024, assessment date is not required to file an application to reapply for the deduction to receive it for the January 1, 2025, assessment date. Instead, the county auditor shall apply the deduction automatically. Affected counties should have already received direct communication from the Department with further instructions.

IV. Application of Supplemental Homestead Credit and Tax Incentive Order of Operations

As amended by SEA 1-2025, Ind. Code § 6-1.1-20.6-3(3) specified that the Supplemental Homestead Credit was applied to the property tax liability determined after the application of all credits and deductions under Ind. Code § 6-1.1 or Ind. Code § 6-3.6. However, SEA 1 also introduced the County Option Homestead Relief Credit under Ind. Code § 6-3.6-6-3.1, which specified that the credit was applied to the property tax liability determined after the application of any credit granted under Ind. Code § 6-1.1. Consequently, both statutes indicated that the corresponding credit should be applied to the property tax liability last.

Section 76 of HEA 1210, retroactively effective January 1, 2026, addresses this by amending Ind. Code § 6-1.1-20.6-3(3) to specify that the Supplemental Homestead Credit should be applied to the property tax liability before the County Option Homestead Relief Credit. The chart below shows the general order of operations for property tax benefits:

	Order of Operations	Protected (Debt)	Exempt (Referendum)
1	Exemptions	N/A	N/A
2	Deductions	N/A	N/A
3	Local Property Tax Credits (PTC)	N/A	N/A
4	Property Tax Caps	Yes	Yes
5	Over 65 Credit, Blind/Disabled Credit, Disabled Veterans Credits (new)	No	No
6	Supplemental Homestead Credit	Yes	Yes
7A	Over 65 Circuit Breaker Credit	No	No
7B	County Option Circuit Breaker Credit	Yes	Yes
8	County Option Homestead Relief Credit	N/A	N/A

V. Restriction on Increasing Levy to Recoup Reduction

Section 77 of HEA 1210, retroactively effective January 1, 2025, amends Ind. Code § 6-1.1-20.6-9.5 to specify that the application of credits under Ind. Code § 6-1.1-49 (County Option Circuit Breaker Credits) or under Ind. Code § 6-1.1-51.3 (Local Property Tax Credits) results in a reduction of the property tax collections of each political subdivision in which the credit is applied and that a political subdivision may not increase its property tax levy to make up for that reduction (except for school referendum).

VI. Over 65 Credit – Eligibility Requirements

Section 95 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-1.1-51.3-1 to change the eligibility requirements for the Over 65 Credit. The amendment adds a new requirement: the individual claiming the credit must reside on the real property, mobile home, or manufactured home that will receive the credit. Please recall, however, that an individual may not be denied the credit because the individual is absent from the real property, mobile home, or manufactured home while in a nursing home or hospital.

Ind. Code § 6-1.1-51.3-1(h) still provides that an individual who received the credit and remains eligible for the credit in the following year is not required to file a statement to apply for the credit in that following year. However, an individual who receives a credit in a particular year and who becomes ineligible for the credit in the following year must notify the auditor of the county in which the property is located of the individual's ineligibility not later than sixty (60) days after the individual becomes ineligible.

VII. County Option Circuit Breaker Credit

Sections 3 & 4 of SEA 163 extend the expiration date for the County Option Circuit Breaker Credit by one year to January 1, 2029. This credit is provided under Ind. Code § 6-1.1-49 and had been set to expire January 1, 2028.

VIII. Model Residence and Residence in Inventory Deductions

Sections 57, 58, and 59 of HEA 1210, all retroactively effective January 1, 2026, amend the Model Residence Deduction available under Ind. Code § 6-1.1-12.6 by:

- (1) increasing the amount of the deduction from fifty percent (50%) to one hundred percent (100%) of the assessed value of the model residence; and
- (2) increasing the number of model residences belonging to a property owner or belonging to an affiliated group of owners that can receive the deduction for an assessment date from not more than three (3) model residences to not more than ten (10) model residences in Indiana.

Sections 60, 61, 62, and 63 of HEA 1210, all retroactively effective January 1, 2026, amend the Residence in Inventory Deduction available under Ind. Code § 6-1.1-12.8 by:

- (1) increasing the amount of the deduction from fifty percent (50%) to one hundred percent (100%) of the assessed value of the residence in inventory;
- (2) requiring an affirmation by the owner that the owner is not receiving more than ten (10) deductions under Ind. Code § 6-1.1-12.8 (instead of three (3) deductions); and
- (3) increasing the number of residences in inventory belonging to a property owner or belonging to an affiliated group of owners that can receive the deduction for an assessment date from not more than three (3) residences in inventory to not more than ten (10) residences in inventory in Indiana.

The deduction application forms for each respective deduction (SF 53812 for the Model Residence Deduction and SF 54861 for the Residence in Inventory Deduction) have been updated to reflect these changes.

IX. Blind/Disabled Credit

Section 25 of SEA 80 amends Ind. Code § 6-1.1-51.3-2, which provides for the Blind/Disabled Credit. For purposes of the credit, the term “blind” is currently defined by reference to another statute – Ind. Code § 12-7-2-21(1). SEA 80 makes a technical change to now define “blind” by reference to Ind. Code § 12-7-2.1-38(1). This update merely reflects a recodification of the “Definitions” chapter of the Human Services title in Indiana Code under Sections 62 and 63 of SEA 80. It should have no substantive impact on the Blind/Disabled Credit, as the definition of “blind” remains the same.

X. Trust Eligibility for Tax Benefits

Section 98 of HEA 1210, retroactively effective January 1, 2026, adds Ind. Code § 6-1.1-51.3-7 as a new section of code. This section states that a trust is entitled to the Over 65 Credit, Blind/Disabled Credit, or the new Disabled Veteran Credits for a property owned by the trust and occupied by an individual if the county auditor determines that the individual has a beneficial interest in the trust or the right to occupy the property rent free under the terms of a qualified personal residence trust created by the individual under US Treasury Regulation 25.2702-5(c)(2) and otherwise qualifies for the particular credit. This added provision mirrors the same trust eligibility conditions that applied to the former Over 65, Blind/Disabled, and Disabled Veteran property tax deductions prior to their conversion to credits.

Section 53 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-1.1-12-17.9. This section addresses the eligibility of trusts for certain deductions. The amendment to the statute reflects the expiration of the deduction for veterans with service-connected disabilities under Ind. Code § 6-1.1-12-13 and the reinstatement of the deduction for surviving spouses of World War I veterans under Ind. Code § 6-1.1-12-16. The amendment also strikes the deduction under Ind. Code § 6-1.1-12-14 (now the 100% deduction for totally disabled veterans – see above) from the list of deductions for which a trust might qualify. In other words, a trust is no longer entitled to claim that deduction.

XI. Application of Excess Credits

Section 94 of HEA 1210, retroactively effective January 1, 2026, adds Ind. Code § 6-1.1-51.3-0.6 as a new section of code. This section states that a taxpayer who is entitled to a credit under Ind. Code § 6-1.1-51.3, which now includes the Over 65 Credit, the Blind/Disabled Credit, and the new Disabled Veteran Credits, may not carry any excess credit amount over to the following taxable year if the amount of any credit exceeds the taxpayer’s property tax liability for that year. It also states that the taxpayer is not entitled to any carryback or refund of any unused credit.

XII. Protected Taxes and Protected Tax Waivers

Section 78 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-1.1-20.6-9.8 to protect debt service funds from the application of the Supplemental Homestead Credit (Ind. Code § 6-1.1-20.6-7.7) and the County Option Circuit Breaker Credit (Ind. Code § 6-1.1-49). These credits may only apply to debt service levies if the unprotected taxes of a taxing unit are completely exhausted in a given taxing district.

Section 79 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-1.1-20.6-9.9 to allow eligible school corporations to waive the impacts of Supplemental Homestead Credits and County Option Circuit Breaker Credits in addition to waiving the impact of the 1%/2%/3% circuit breaker credits. The Department notes that the provisions of Ind. Code § 6-1.1-20.6-9.9 that allow eligible school corporations to implement a waiver of protected taxes are currently set to expire on January 1, 2027.

XIII. Nonprofit Hospital Exemption

Section 5 of HEA 1406, effective January 1, 2027, inserts a new subsection (r) to Ind. Code § 6-1.1-10-16 to provide an exemption for Indiana nonprofit hospital system tracts of land. The new subsection states:

Ind. Code § 6-1.1-10-16

Exemption of building, land, and personal property used for various purposes; termination of eligibility for exemption

...

(r) This subsection applies only to an Indiana nonprofit hospital system (as defined in IC 16-21-18-2). A tract of land of a nonprofit hospital system is exempt from real property taxation if:

(1) it is purchased for the purpose of erecting a building that is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); and

(2) not more than four (4) years after the property is purchased, the Indiana nonprofit hospital system proves it has been issued a certificate of occupancy (or has submitted a certificate of completion and compliance if applicable).

If the Indiana nonprofit hospital system sells, leases, or otherwise transfers a tract of land that is exempt under this subsection, the Indiana nonprofit hospital system is liable for the property taxes that were not imposed upon the tract of land during the period beginning January 1 of the fourth year following the purchase of the property and ending on December 31 of the year of the sale, lease, or transfer. The county auditor of the county in which the tract of land is located may establish an installment plan for the repayment of taxes due under this subsection. The plan established by the county auditor may allow the repayment of the taxes over a period of years equal to the number of years for which property taxes must be repaid under this subsection.

The definition of “Indiana nonprofit hospital system” from Ind. Code § 16-21-18-2 is a hospital that:

- (1) is organized as a nonprofit corporation or a charitable trust under Indiana law or the laws of any other state or country and that is:
 - (A) eligible for tax exempt bond financing; or
 - (B) exempt from state or local taxes;
- (2) is licensed under [IC 16-21-2](#);
- (3) filed jointly one (1) hospital audited financial statement with the Indiana department of health in 2021; and
- (4) has an annual patient service revenue derived in Indiana of at least two billion dollars (\$2,000,000,000) based on the hospital system's most recently submitted audited financial statements submitted under [IC 16-21-6-13](#). As used in this subdivision, "patient service revenue" includes similar terms, including net patient service revenue and patient care service revenue.

In order to claim this new exemption, an Indiana nonprofit hospital system will need to complete an Application for Property Tax Exemption (SF 9284) under the exemption procedures detailed under Ind. Code § 6-1.1-11.

XIV. Indiana Nonprofit Senior Living Communities

Section 41 of HEA 1210, retroactively effective January 1, 2026, adds Ind. Code § 6-1.1-10.2 as a new chapter (copied below) regarding exemptions for Indiana Nonprofit Senior Living Communities.

Ind. Code § 6-1.1-10.2 (NEW) [Effective January 1, 2026]

Chapter 10.2 Exemptions for Indiana Nonprofit Senior Living Communities

Sec. 1. It is the intent of the general assembly that Indiana nonprofit senior living communities identified in this chapter that also meet the requirements set out in this chapter be exempt from property taxation, including real and tangible property.

Sec. 2. All or part of a building is exempt from property taxation if it is owned by an Indiana nonprofit entity that is:

- (1) registered as a continuing care retirement community under IC 23-2-4;
- (2) defined as a small house health facility under IC 16-18-2-331.9; or
- (3) licensed as a health care or residential care facility under IC 16-28.

Sec. 3. Tangible personal property is exempt from property taxation if it is owned by an Indiana nonprofit entity that is:

- (1) registered as a continuing care retirement community under IC 23-2-4;
- (2) defined as a small house health facility under IC 16-18-2-331.9; or
- (3) licensed as a health care or residential care facility under IC 16-28.

Section 284 of HEA 1210 specifies that this new chapter will apply to assessment dates starting with the January 1, 2026, assessment date for property taxes first due and payable in 2027.

Unlike the exemptions provided under Ind. Code § 6-1.1-10-16, which require that the property be owned, occupied, and used for the exempt purpose, this new chapter requires only that the property be owned by one of the specified Indiana nonprofit entities (continuing care retirement communities, small house health facilities, or health care or residential care facilities) in order to be exempt.

In order to claim this exemption, Indiana nonprofit senior living communities will need to complete an Application for Property Tax Exemption (SF 9284) under the exemption procedures detailed under Ind. Code § 6-1.1-11.

XIV. Indiana Historical Society Exemption

Section 40 of HEA 1210, retroactively effective January 1, 2026, amends Ind. Code § 6-1.1-10-25. The amendment adds the Indiana Historical Society, Inc. to a list of organizations that are entitled to an exemption from property taxation for tangible property owned by the organizations. The exemption only applies if the property is exclusively used, and in the case of real property actually occupied, for the purposes and objectives of the organization.

XVI. Code List 37 – Adjustment Codes

For purposes of implementing the various new deductions and credits enacted during the 2025 or 2026 Legislative Sessions, the Department has also updated the Property Tax Management System Code List Manual to add: 1) the Credit for Veterans with a Service-Connected Disability; 2) the Credit for Veterans at Least 62 with a Disability of 10% or More; 3) the Nonprofit Hospital System Exemption; 4) the Indiana Nonprofit Senior Living Communities Exemption; and 5) the Deduction for Aircraft.

CODE	VALUE	STATUTE	NOT VALID AFTER PAY 200X
A1	CREDIT FOR VETERAN AT LEAST 62 AND AT LEAST 10% DISABLED	6-1.1-51.3-5	
A2	CREDIT FOR VETERAN WITH SERVICE-CONNECTED DISABILITY	6-1.1-51.3-6	
A3	NONPROFIT HOSPITAL SYSTEM EXEMPTION	6-1.1-10-16	
A4	NONPROFIT SENIOR LIVING COMMUNITIES EXEMPTION	6-1.1-10.2	
A5	DEDUCTION FOR AIRCRAFT	6-1.1-51	

Please review the Department's memorandum on [Update to 50 IAC 26 Code Lists](#) for additional details.

Contact Information

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