HOUSE BILL No. 1248

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12-9; IC 6-1.1-20.6-8.5.

Synopsis: Tax deduction and credit for persons age 65 or older. Increases the maximum assessed value of the real property of an individual at least 65 years of age to be eligible for the over 65 deduction from $240,000 to $340,000 for an assessment date between December 31, 2024, and January 1, 2026. Increases the maximum assessed value limitation for the over 65 deduction by $1,000 per assessment year thereafter. Increases the maximum assessed value of the real property of an individual at least 65 years of age to be eligible for the additional credit for certain homesteads (the over 65 circuit breaker credit) from $240,000 to $340,000 for an assessment date between December 31, 2024 and January 1, 2026. Increases the maximum assessed value limitation for the over 65 circuit breaker credit by $1,000 annually per assessment year thereafter. (Current law provides that for an individual who has received the over 65 circuit breaker credit in a previous year, increases in assessed value that occur after the later of December 31, 2019, or the first year that the individual has received the over 65 circuit breaker credit, are not considered unless the increase in assessed value is attributable to substantial renovation or new improvements.)

Effective: July 1, 2024.

Moseley

January 9, 2024, read first time and referred to Committee on Ways and Means.

Introduced

Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1248

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-12-9, AS AMENDED BY P.L.239-2023, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 9. (a) An individual may obtain a deduction from the assessed value of the individual's real property, or mobile home or manufactured home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) for assessment dates before January 1, 2020, the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed twenty-five thousand dollars ($25,000);

(3) for assessment dates after December 31, 2019:

(A) the individual had, in the case of an individual who filed a single return, adjusted gross income (as defined in Section 62 of the Internal Revenue Code) not exceeding thirty thousand dollars ($30,000), and beginning for the January 1, 2023, assessment date, and each assessment date thereafter, adjusted annually by an amount equal to the percentage cost of living increase applied for Social Security benefits for the immediately preceding calendar year;

(B) the individual had, in the case of an individual who filed a joint income tax return with the individual's spouse, combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) not exceeding forty thousand dollars ($40,000), and beginning for the January 1, 2023, assessment date, and each assessment date thereafter, adjusted annually by an amount equal to the percentage cost of living increase applied for Social Security benefits for the immediately preceding calendar year; or

(C) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common did not exceed forty thousand dollars ($40,000), and beginning for the January 1, 2023, assessment date, and each assessment date thereafter, adjusted annually by an amount equal to the percentage cost of living increase applied for Social Security benefits for the immediately preceding calendar year;

for the calendar year preceding by two (2) years the calendar year in which the property taxes are first due and payable;

(4) the individual has owned the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction; or the individual has been buying the real property, mobile home, or manufactured home under a contract that provides that the individual is to pay the property taxes on the real property, mobile home, or manufactured home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's

office;
(5) for assessment dates:
(A) before January 1, 2020, the individual and any individuals covered by subdivision (2)(B) reside on the real property, mobile home, or manufactured home; or
(B) after December 31, 2019, the individual and any individuals covered by subdivision (3)(C) reside on the real property, mobile home, or manufactured home;
(6) except as provided in subsection (i), the assessed value of the real property, mobile home, or manufactured home does not exceed:
(A) for an assessment date occurring before January 1, 2026, ~~two~~ **three** hundred forty thousand dollars ~~($240,000).~~ **($340,000); or**
(B) for each assessment date occurring after December 31, 2025, three hundred forty thousand dollars ($340,000) plus one thousand dollars ($1,000) for each assessment date occurring after December 31, 2025;
(7) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 37, (for assessment dates after February 28, 2008) 37.5, and 38 of this chapter; and
(8) the person:
(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 statement required by section 10.1 of this chapter is filed.

For purposes of applying the annual cost of living increases described in subdivision (3)(A) through (3)(C), the annual percentage increase is applied to the adjusted amount of income from the immediately preceding year.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals the lesser of:
(1) one-half (1/2) of the assessed value of the real property; or
(2) fourteen thousand dollars ($14,000).

(c) Except as provided in subsection (h) and section 40.5 of this chapter, in the case of a mobile home that is not assessed as real property or a manufactured home which is not assessed as real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the mobile home or manufactured home; or
(2) fourteen thousand dollars ($14,000).

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property, mobile home, or manufactured home while in a nursing home or hospital.

(e) For purposes of this section, if real property, a mobile home, or a manufactured home is owned by:
(1) tenants by the entirety;
(2) joint tenants; or
(3) tenants in common;
only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:
(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;
(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;
(3) the surviving spouse has not remarried; and
(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(8).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B) or (a)(3)(C), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

(i) For purposes of determining the assessed value of the real property, mobile home, or manufactured home under subsection (a)(6) for an individual who has received a deduction under this section in a previous year, increases in assessed value that occur after the later of:
(1) December 31, 2019; or
(2) the first year that the individual has received the deduction;
are not considered unless the increase in assessed value is attributable

to substantial renovation or new improvements. Where there is an increase in assessed value for purposes of the deduction under this section, the assessor shall provide a report to the county auditor describing the substantial renovation or new improvements, if any, that were made to the property prior to the increase in assessed value.

SECTION 2. IC 6-1.1-20.6-8.5, AS AMENDED BY P.L.239-2023, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 8.5. (a) This section applies to an individual who:

(1) qualified for a standard deduction granted under IC 6-1.1-12-37 for the individual's homestead property in the immediately preceding calendar year (or was married at the time of death to a deceased spouse who qualified for a standard deduction granted under IC 6-1.1-12-37 for the individual's homestead property in the immediately preceding calendar year);

(2) qualifies for a standard deduction granted under IC 6-1.1-12-37 for the same homestead property in the current calendar year;

(3) is or will be at least sixty-five (65) years of age on or before December 31 of the calendar year immediately preceding the current calendar year; and

(4) had:

(A) in the case of an individual who filed a single return, adjusted gross income (as defined in Section 62 of the Internal Revenue Code) not exceeding thirty thousand dollars ($30,000), and beginning for the January 1, 2023, assessment date, and each assessment date thereafter, adjusted annually by an amount equal to the percentage cost of living increase applied for Social Security benefits for the immediately preceding calendar year; or

(B) in the case of an individual who filed a joint income tax return with the individual's spouse, combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) not exceeding forty thousand dollars ($40,000), and beginning for the January 1, 2023, assessment date, and each assessment date thereafter, adjusted annually by an amount equal to the percentage cost of living increase applied for Social Security benefits for the immediately preceding calendar year;

for the calendar year preceding by two (2) years the calendar year in which property taxes are first due and payable.

For purposes of applying the annual cost of living increases described in subdivision (4)(A) and (4)(B), the annual percentage increase is applied to the adjusted amount of income from the immediately preceding year.

(b) Except as provided in subsection (g), this section does not apply if:

(1) for an individual who received a credit under this section before January 1, 2020, the gross assessed value of the homestead on the assessment date for which property taxes are imposed is at least two hundred thousand dollars ($200,000);

(2) for an individual who initially applies for a credit under this section after December 31, 2019, and before January 1, 2023, the assessed value of the individual's Indiana real property is at least two hundred thousand dollars ($200,000); ~~or~~

(3) for an individual who initially applies for a credit under this section after December 31, 2022, **and before January 1, 2025,** the assessed value of the individual's Indiana real property is at least two hundred forty thousand dollars ($240,000);

(4) for an individual who initially applies for a credit under this section after December 31, 2024, and before January 1, 2026, the assessed value of the individual's Indiana real property is at least three hundred forty thousand dollars ($340,000); or

(5) for an individual who initially applies for a credit under this section after December 31, 2025, the assessed value of the individual's Indiana real property is at least three hundred forty thousand dollars ($340,000) plus one thousand dollars ($1,000) annually for each assessment date occurring after December 31, 2025.

(c) An individual is entitled to an additional credit under this section for property taxes first due and payable for a calendar year on a homestead if:

(1) the individual and the homestead qualify for the credit under subsection (a) for the calendar year;

(2) the homestead is not disqualified for the credit under subsection (b) for the calendar year; and

(3) the filing requirements under subsection (e) are met.

(d) The amount of the credit is equal to the greater of zero (0) or the result of:

(1) the property tax liability first due and payable on the homestead property for the calendar year; minus

(2) the result of:

(A) the property tax liability first due and payable on the qualified homestead property for the immediately preceding year after the application of the credit granted under this section for that year; multiplied by

(B) one and two hundredths (1.02).

However, property tax liability imposed on any improvements to or expansion of the homestead property after the assessment date for which property tax liability described in subdivision (2) was imposed shall not be considered in determining the credit granted under this section in the current calendar year.

(e) Applications for a credit under this section shall be filed in the manner provided for an application for a deduction under IC 6-1.1-12-9. However, an individual who remains eligible for the credit in the following year is not required to file a statement to apply for the credit in the following year. An individual who receives a credit under this section in a particular year and who becomes ineligible for the credit in the following year shall notify the auditor of the county in which the homestead is located of the individual's ineligibility not later than sixty (60) days after the individual becomes ineligible.

(f) The auditor of each county shall, in a particular year, apply a credit provided under this section to each individual who received the credit in the preceding year unless the auditor determines that the individual is no longer eligible for the credit.

(g) For purposes of determining the:

(1) assessed value of the homestead on the assessment date for which property taxes are imposed under subsection (b)(1); **or**

(2) assessed value of the individual's Indiana real property under subsection (b)(2), **(b)(3), (b)(4),** or **(b)(5);**

~~(3) assessed value of the individual's Indiana real property under subsection (b)(3);~~

for an individual who has received a credit under this section in a previous year, increases in assessed value that occur after the later of December 31, 2019, or the first year that the individual has received the credit are not considered unless the increase in assessed value is attributable to substantial renovation or new improvements. Where there is an increase in assessed value for purposes of the credit under this section, the assessor shall provide a report to the county auditor describing the substantial renovation or new improvements, if any, that were made to the property prior to the increase in assessed value.

SECTION 3. [EFFECTIVE JULY 1, 2024] **(a) IC 6-1.1-12-9, as amended by this act, applies to assessment dates occurring after December 31, 2024.**

(b) This SECTION expires January 1, 2027.