

HOUSE BILL No. 1631

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-51.

Synopsis: Real property assessments. Provides a maximum property tax liability credit for homestead property. Specifies a credit amount for certain qualified individuals and specifies the credit amount for all other homestead owners.

Effective: January 1, 2026.

Ireland

January 21, 2025, read first time and referred to Committee on Ways and Means.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1631

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

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

1 SECTION 1. IC 6-1.1-51 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026]:

4 **Chapter 51. Maximum Property Tax Liability Credit**

5 **Sec. 1. This chapter applies to taxes first due and payable after**
6 **December 31, 2025.**

7 **Sec. 2. As used in this chapter, "homestead" has the meaning set**
8 **forth in IC 6-1.1-12-37.**

9 **Sec. 3. As used in this chapter, "property tax liability" means**
10 **liability for the tax imposed on taxable property under this article**
11 **determined after application of all credits and deductions under**
12 **this article, but does not include any interest or penalty imposed**
13 **under this article.**

14 **Sec. 4. As used in this chapter, "qualified individual" means an**
15 **individual who:**

16 **(1) meets any of the following qualifications:**

17 **(A) Is at least sixty-five (65) years of age on or before**



1 December 31 of the calendar year preceding the year in
 2 which the individual's property tax liability is first due and
 3 payable.

4 (B) Whose household includes one (1) or more dependent
 5 children who are less than eighteen (18) years of age
 6 during the calendar year preceding the year in which the
 7 individual's property tax liability is first due and payable.

8 (C) Had for the calendar year preceding by two (2) years
 9 the calendar year in which the individual's property tax
 10 liability is first due and payable:

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

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

28 (2) is eligible for the homestead deduction under
 29 IC 6-1.1-12-37 on the assessment date for which the
 30 individual's property tax liability is imposed.

31 **Sec. 5.** As used in this chapter, "taxable property" means all
 32 real property that is subject to the tax imposed by this article and
 33 is not exempt from tax under IC 6-1.1-10 or any other law. The
 34 term includes a mobile home or manufactured home that is not
 35 assessed as real property that an individual uses as the individual's
 36 residence.

37 **Sec. 6.** This section applies in determining a qualified
 38 individual's homestead property tax liability. A credit shall be
 39 applied against a qualified individual's homestead property tax
 40 liability as set forth in this chapter. The amount of the credit under
 41 this section is equal to:

42 (1) for taxes first due and payable in 2027, the lesser of:



- 1 (A) the property tax liability first due and payable on the
 2 property for the calendar year; minus
 3 (B) the property tax liability imposed on the taxpayer's
 4 property for taxes first due and payable in 2021; and
 5 (2) for taxes first due and payable in 2028 and thereafter the
 6 greater of zero (0) or the result of:
 7 (A) the property tax liability first due and payable on the
 8 property for the calendar year; minus
 9 (B) the result of:
 10 (i) the property tax liability first due and payable on the
 11 property for the immediately preceding year after the
 12 application of the credit granted under this section for
 13 that year; multiplied by
 14 (ii) one and two-hundredths (1.02).
- 15 **Sec. 7.** This section applies in determining the property tax
 16 liability imposed on a homestead, except the homestead of a
 17 qualified individual under section 6 of this chapter. A credit shall
 18 be applied against an individual's homestead property tax liability
 19 as set forth in this chapter. The amount of the credit under this
 20 section is equal to:
 21 (1) for taxes first due and payable in 2027, the lesser of:
 22 (A) the property tax liability first due and payable on the
 23 property for the calendar year; minus
 24 (B) the property tax liability imposed on the taxpayer's
 25 property for taxes first due and payable in 2021; and
 26 (2) for taxes first due and payable in 2028 and thereafter the
 27 greater of zero (0) or the result of:
 28 (A) the property tax liability first due and payable on the
 29 property for the calendar year; minus
 30 (B) the result of:
 31 (i) the property tax liability first due and payable on the
 32 property for the immediately preceding year after the
 33 application of the credit granted under this section for
 34 that year; multiplied by
 35 (ii) one and three-hundredths (1.03).
- 36 **Sec. 8.** The amount of property tax liability determined under
 37 this chapter is the maximum property tax liability to which the
 38 homestead is subject for the applicable calendar year.
- 39 **Sec. 9.** If a physical change to a homestead property results in
 40 an increased assessment of the homestead for an assessment date
 41 for which property tax liability is imposed, the property tax
 42 liability of a person for property taxes first due and payable for



1 that assessment date with respect to the homestead is the sum of
2 the:

3 (1) amount of the person's property tax liability attributable
4 to the homestead otherwise determined under section 6 or 7
5 of this chapter, whichever is applicable, for the calendar year;
6 plus

7 (2) amount of the person's property tax liability that is
8 directly attributable to the physical change in the homestead.

9 Sec. 10. (a) This section does not apply if a person becomes the
10 sole owner of a homestead property following the death of the
11 person's spouse, whether the homestead property was jointly held
12 with the person's spouse in the immediately preceding calendar
13 year or the person's spouse was the sole owner in the immediately
14 preceding calendar year.

15 (b) If the entire ownership interest in the homestead property
16 changes, the limitations in this chapter do not apply to the
17 determination of property tax liability for property taxes first due
18 and payable in the first calendar year following the change in
19 ownership. Instead, the amount of property tax liability that is
20 attributable to the homestead property for property taxes first due
21 and payable in that particular calendar year is the amount of
22 property tax liability as would otherwise be determined under this
23 article.

24 Sec. 11. The auditor of the county shall apply the provisions of
25 this chapter to a determination of property tax liability for all
26 homesteads as set forth under this chapter.

