SENATE BILL No. 392

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12-14; IC 6-1.1-20.6-8.5.

Synopsis: Property tax relief for seniors and veterans. Makes certain changes to the qualification requirements and credit amount for the over 65 circuit breaker credit. Makes certain changes to the qualification requirements and deduction amount for the property tax deduction for disabled veterans who are either totally disabled or at least 62 years of age with a partial disability.

Effective: January 1, 2025 (retroactive).

Rogers, Gaskill, Buchanan

January 13, 2025, read first time and referred to Committee on Tax and Fiscal Policy.

Introduced

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.

SENATE BILL No. 392

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 6-1.1-12-14, AS AMENDED BY P.L.136-2024, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)]: Sec. 14. (a) Except as provided in subsection (c) and except as provided in section 40.5 of this chapter, an individual may have the sum ~~of fourteen thousand dollars ($14,000)~~ **set forth in subsection (g)** deducted from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual owns (or the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that the individual is buying under a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home if the contract or a memorandum of the contract is recorded in the county recorder's office) if:

(1) the individual served in the military or naval forces of the United States for at least ninety (90) days;

(2) the individual received an honorable discharge;

(3) the individual either:
(A) has a total disability; or
(B) is at least sixty-two (62) years old and has a disability of at least ten percent (10%);
(4) the individual's disability is evidenced by:
(A) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs; or
(B) a certificate of eligibility issued to the individual by the Indiana department of veterans' affairs after the Indiana department of veterans' affairs has determined that the individual's disability qualifies the individual to receive a deduction under this section; and
(5) the individual:
(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 15 of this chapter is filed.

(b) Except as provided in subsections (c) and (d), the surviving spouse of an individual may receive the deduction provided by this section if:
(1) the individual satisfied the requirements of subsection (a)(1) through (a)(4) at the time of death; or
(2) the individual:
(A) was killed in action;
(B) died while serving on active duty in the military or naval forces of the United States; or
(C) died while performing inactive duty training in the military or naval forces of the United States; and
the surviving spouse satisfies the requirement of subsection (a)(5) at the time the deduction statement is filed. 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.

(c) Except as provided in subsection (f), no one is entitled to the deduction provided by this section if the assessed value of the individual's Indiana real property, Indiana mobile home not assessed as real property, and Indiana manufactured home not assessed as real property, as shown by the tax duplicate, exceeds the assessed value limit specified in subsection (d).

(d) Except as provided in subsection (f), for the:

(1) January 1, 2017, January 1, 2018, and January 1, 2019, assessment dates, the assessed value limit for purposes of subsection (c) is one hundred seventy-five thousand dollars ($175,000);

(2) January 1, 2020, January 1, 2021, January 1, 2022, and January 1, 2023, assessment dates, the assessed value limit for purposes of subsection (c) is two hundred thousand dollars ($200,000); and

(3) January 1, 2024, assessment date, ~~and for each assessment date thereafter,~~ the assessed value limit for purposes of subsection (c) is two hundred forty thousand dollars ($240,000).

(4) January 1, 2025, assessment date, the assessed value limit for purposes of subsection (c) is three hundred thousand dollars ($300,000), and beginning for the January 1, 2026, assessment date and each assessment date thereafter, the amount shall be adjusted annually by a percentage equal to the percentage increase, if any, as determined under subsection (h).

(e) An individual who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section against that real property, mobile home, or manufactured home.

(f) For purposes of determining the assessed value of the real property, mobile home, or manufactured home under subsection (d) 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.

(g) The amount of the deduction under subsection (a) is equal to:

(1) fourteen thousand dollars ($14,000), if the assessed value of the individual's property is three hundred thousand dollars ($300,000) or less; and

(2) seven thousand dollars ($7,000), if the assessed value of the individual's Indiana real property is more than three hundred thousand dollars ($300,000), but not more than four hundred thousand dollars ($400,000);

and beginning for the January 1, 2026, assessment date and each assessment date thereafter, each of the assessed value dollar amounts shall be adjusted annually by a percentage equal to the percentage increase, if any, as determined under subsection (h).

(h) As used in this subsection, "median home sale price" means the median home sale price as determined each month for Indiana by the National Association of Realtors. The annual adjustment under subsections (d)(4) and (g) is equal to the year over year change in:

(1) the year end average of the monthly median home sale prices in Indiana statewide for the immediately preceding calendar year before the assessment date; compared to

(2) the year end average of the monthly median home sale prices in Indiana statewide for the calendar year preceding the assessment date by two (2) years;

expressed as a percentage, but not less than zero (0). For purposes of applying the annual adjustment under subsections (d)(4) and (g), the annual percentage increase, if any, is applied to the adjusted amount from the immediately preceding year.

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 JANUARY 1, 2025 (RETROACTIVE)]: 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) for an assessment date before January 1, 2025:

~~(A)~~ **(i)** 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)~~ **(ii)** 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; **and**

(B) for an assessment date after December 31, 2024, household income not exceeding seventy-five thousand dollars ($75,000), and beginning for the January 1, 2026, 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. **For purposes of subdivision (4)(B), "household income" means the adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of an individual, or if applicable, the combined adjusted gross income of the individual and the individual's spouse if the spouse resides with the individual.**

(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); **or**

(4) for an individual who initially applies for a credit under this section after December 31, 2024, the assessed value of the individual's Indiana real property is at least three hundred thousand dollars ($300,000), and beginning for the January 1, 2026, assessment date and each assessment date thereafter, the amount shall be adjusted annually by a percentage equal to the percentage increase, if any, as determined under subsection (h).

(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) **the following:**

(i) One and two hundredths (1.02), **if the assessed value of the individual's Indiana real property is three hundred thousand dollars ($300,000) or less.**

(ii) One and four hundredths (1.04), if the assessed value of the individual's Indiana real property is more than three hundred thousand dollars ($300,000), but not more than four hundred thousand dollars ($400,000);

and beginning for the January 1, 2026, assessment date and each assessment date thereafter, each of the assessed value dollar amounts shall be adjusted annually by a percentage equal to the percentage increase, if any, as

determined under subsection (h).

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);

(2) assessed value of the individual's Indiana real property under subsection (b)(2); ~~or~~

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

(4) assessed value of the individual's Indiana real property under subsection (b)(4);

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.

(h) As used in this subsection, "median home sale price" means the median home sale price as determined each month for Indiana by the National Association of Realtors. The annual adjustment under subsection (b)(4) and (d)(1)(B) is equal to the year over year change in:

(1) the year end average of the monthly median home sale prices in Indiana statewide for the immediately preceding calendar year before the assessment date; compared to

(2) the year end average of the monthly median home sale prices in Indiana statewide for the calendar year preceding the assessment date by two (2) years;

expressed as a percentage, but not less than zero (0). For purposes of applying the annual adjustment under subsections (b)(4) and (d)(2)(B), the annual percentage increase, if any, is applied to the adjusted amount from the immediately preceding year. However, the assessed value limit amount under subsection (b)(4) shall not be adjusted to more than four hundred thousand dollars ($400,000).

SECTION 3. [EFFECTIVE JANUARY 1, 2025 (RETROACTIVE)] **(a) IC 6-1.1-12-14 and IC 6-1.1-20.6-8.5, both as amended by this act, apply to assessment dates occurring after December 31, 2024, for property taxes first due and payable in 2026.**

(b) This SECTION expires July 1, 2028.

SECTION 4. **An emergency is declared for this act.**