



March 30, 2023

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# ENGROSSED

## SENATE BILL No. 46

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DIGEST OF SB 46 (Updated March 29, 2023 5:51 pm - DI 125)

**Citations Affected:** IC 6-1.1.

**Synopsis:** County option circuit breaker tax credit. Authorizes a county fiscal body to adopt an ordinance to provide a credit against property tax liability for qualified individuals. Defines a "qualified individual" for purposes of the credit. Provides that the ordinance may designate: (1) all of the territory of the county; or (2) one or more specific geographic territories within the county; as a neighborhood enhancement district in which qualified individuals may apply for the credit. Provides that the amount of the credit in a particular year is equal to the amount by which an individual's property tax liability  
(Continued next page)

**Effective:** July 1, 2023.

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**Sandlin, Holdman, Buchanan,  
Randolph Lonnie M**

(HOUSE SPONSORS — MCGUIRE, GIAQUINTA, BEHNING, PRYOR)

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January 9, 2023, read first time and referred to Committee on Tax and Fiscal Policy.  
January 31, 2023, amended, reported favorably — Do Pass.  
February 2, 2023, read second time, ordered engrossed. Engrossed.  
February 6, 2023, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 28, 2023, read first time and referred to Committee on Ways and Means.  
March 30, 2023, amended, reported — Do Pass.

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ES 46—LS 6362/DI 120



## Digest Continued

increases by more than the percentage of increase specified by the county fiscal body from the prior year. Provides that the credit does not affect the allocation of taxes to a referendum fund. Requires a qualified individual who desires to claim the credit to file a certified statement with the county auditor. Provides that the county auditor shall apply the credit in succeeding years after the certified statement is filed unless the auditor determines that the individual is no longer eligible for the credit or the county fiscal body rescinds the ordinance. Provides a penalty for wrongly receiving the credit that is the same as the penalty for wrongly receiving the homestead standard deduction. Provides that an individual may not receive both a county option circuit breaker tax credit and an over 65 property tax credit in the same year. Provides that an ordinance must specify that the credit does not apply for property taxes first due and payable after December 31, 2027. Sunsets the county option on January 1, 2028.



March 30, 2023

First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 46

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 6-1.1-49 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2023]:

4 **Chapter 49. County Option Circuit Breaker Tax Credit**

5 **Sec. 1.** As used in this chapter, "homestead" refers to a  
6 homestead that has been granted a standard deduction under  
7 IC 6-1.1-12-37.

8 **Sec. 2.** As used in this chapter, "neighborhood enhancement  
9 district" refers to a geographic territory designated by a county  
10 fiscal body and established as a designated area in an ordinance  
11 adopting a county option circuit breaker tax credit under section  
12 4 of this chapter.

13 **Sec. 3.** As used in this chapter, "qualified individual" means an  
14 individual who:

15 (1) has received a standard deduction granted under  
16 IC 6-1.1-12-37 for the individual's homestead property in the  
17 immediately preceding calendar year (or was married at the

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

(3) has lived in the homestead for at least ten (10) years on or before December 31 of the calendar year immediately preceding the current calendar year;

(4) is 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:

(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 the amount specified in the ordinance adopted by the county under section 4(c)(2) of this chapter; 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 the amount specified in the ordinance adopted by the county under section 4(c)(2) of this chapter;

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

Sec. 4. (a) Subject to subsection (h), a county fiscal body may adopt an ordinance to provide a credit against a qualified individual's property tax liability as set forth in this chapter.

(b) An ordinance adopted under this section may designate a neighborhood enhancement district. A neighborhood enhancement district may include:

(1) all of the territory of the county; or

(2) one (1) or more specific geographic territories within the county;

as an area in which qualified individuals may apply for the credit.

(c) Subject to subsection (h), an ordinance adopted under this section must:

(1) include a boundary description of the neighborhood enhancement district or districts to which the ordinance applies;



(2) specify the income thresholds for a qualified individual under section 3(5)(A) and 3(5)(B) of this chapter, if any; and  
 (3) specify the percentage of increase on a qualified individual's property tax liability in a particular year compared to the prior year that is to be used in determining the amount of the county option circuit breaker tax credit calculated under section 7(2)(B) of this chapter. The percentage must be at least two percent (2%) but not more than five percent (5%).

The boundary description required under subdivision (1) must be sufficient to identify the parcel or parcels to which the credit may be applied, including identification by taxing district, a parcel list, or a legal description.

(d) If a proposal is presented to the county fiscal body to adopt an ordinance under this section, the county fiscal body shall hear the proposal at a public meeting of the county fiscal body and may then vote to adopt the ordinance at the next meeting of the county fiscal body.

(e) The county fiscal body may rescind an ordinance adopted under this section.

(f) An ordinance adopted under this section is effective January 1 of the year following the year in which the ordinance is adopted.

(g) An ordinance adopted under this section must specify that the credit does not apply for property taxes first due and payable after December 31, 2027.

(h) A county fiscal body shall prescribe the same income thresholds, credit amounts, and any other requirements related to eligibility for each neighborhood enhancement district designated in the county.

**Sec. 5.** If a county fiscal body adopts an ordinance to either provide the credit under this chapter or rescind an ordinance previously adopted, the county fiscal body shall, not later than fifteen (15) days after the adoption of the ordinance, give notice of the adoption of the ordinance to:

(1) the department of local government finance on the form and in the manner prescribed by the department of local government finance;

(2) the county auditor; and

(3) the fiscal officer of each taxing unit within the neighborhood enhancement district or districts to which the ordinance applies;

including a certified copy of the adopted ordinance.



1       **Sec. 6. (a) A qualified individual who desires to claim the credit**  
 2 **under this chapter must apply for the credit by filing a certified**  
 3 **statement on forms prescribed by the department of local**  
 4 **government finance with the county auditor. However, a qualified**  
 5 **individual who remains eligible for the credit in the following year**  
 6 **is not required to file a statement to apply for the credit in the**  
 7 **following year.**

8       **(b) An individual who has a credit provided under this chapter**  
 9 **applied to the individual's property tax liability in a particular**  
 10 **calendar year may not also have a credit under IC 6-1.1-20.6-8.5**  
 11 **applied to the individual's property tax liability in the same**  
 12 **calendar year.**

13       **(c) Not more than one (1) credit may be claimed under this**  
 14 **chapter with respect to a particular homestead by any qualified**  
 15 **individual.**

16       **Sec. 7. The amount of the credit under this chapter is equal to**  
 17 **the greater of zero (0) or the result of:**

18       **(1) the property tax liability first due and payable on the**  
 19 **qualified individual's homestead property for the calendar**  
 20 **year (excluding any property tax liability imposed in a voter**  
 21 **approved referendum levy); minus**

22       **(2) the result of:**

23       **(A) the property tax liability first due and payable on the**  
 24 **qualified individual's homestead property for the**  
 25 **immediately preceding year after the application of the**  
 26 **credit granted under this section for that year (excluding**  
 27 **any property tax liability imposed in a voter approved**  
 28 **referendum levy); multiplied by**

29       **(B) the sum of:**

30       **(i) the percentage adopted in an ordinance under section**  
 31 **4(c)(3) of this chapter, expressed as a decimal; plus**

32       **(ii) one (1).**

33       **However, the credit provided by this chapter shall not apply to any**  
 34 **portion of property tax liability imposed on a qualified individual's**  
 35 **homestead property that is used for trade or business purposes in**  
 36 **connection with the production of income. In addition, the credit**  
 37 **does not affect the allocation of taxes to a referendum fund.**

38       **Sec. 8. If the ownership of a homestead for which a qualified**  
 39 **individual received a credit under this chapter changes, and the**  
 40 **qualified individual no longer owns or principally resides in the**  
 41 **homestead, the county auditor shall remove the designation of the**  
 42 **individual as a qualified individual with respect to that homestead.**



1       **Sec. 9. The auditor of each county shall, in a particular year,**  
 2       **apply a credit provided under this chapter to each qualified**  
 3       **individual who received the credit in the preceding year unless the**  
 4       **county auditor determines that the individual is no longer eligible**  
 5       **for the credit or the county fiscal body rescinds the ordinance that**  
 6       **provided the credit.**

7       **Sec. 10. (a) If an individual who is receiving the credit provided**  
 8       **by this chapter:**

9               **(1) knows or should have known that the individual does not**  
 10              **qualify for the credit under this chapter; or**

11              **(2) changes the use of the individual's property so that part or**  
 12              **all of the property no longer qualifies for the credit under this**  
 13              **chapter;**

14       **the individual must file a certified statement with the county**  
 15       **auditor, notifying the county auditor that subdivision (1) or (2)**  
 16       **applies, not more than sixty (60) days after the date subdivision (1)**  
 17       **or (2) first applies.**

18       **(b) An individual who fails to file the statement required by this**  
 19       **section is liable for any additional taxes that would have been due**  
 20       **on the property if the individual had filed the statement as**  
 21       **required by this section, plus a civil penalty equal to ten percent**  
 22       **(10%) of the additional taxes due. The additional taxes owed plus**  
 23       **the civil penalty become part of the property tax liability for**  
 24       **purposes of this article.**

25       **(c) The civil penalty imposed under this section is in addition to**  
 26       **any interest and penalties for a delinquent payment that might**  
 27       **otherwise be due. One percent (1%) of the total civil penalty**  
 28       **collected under this section shall be transferred by the county to**  
 29       **the department of local government finance for use by the**  
 30       **department in establishing and maintaining the homestead**  
 31       **property data base under IC 6-1.1-12-37(i) and, to the extent there**  
 32       **is money remaining, for any other purposes of the department.**

33       **Sec. 11. This chapter expires January 1, 2028.**



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 46, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 3, delete "three (3) years" and insert "**ten (10) years**".

Page 2, line 5, delete "and".

Page 2, between lines 5 and 6, begin a new line block indented and insert:

**"(4) is 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"**.

Page 2, line 6, delete "(4)" and insert "**(5)**".

Page 2, line 30, delete "and".

Page 2, line 32, delete "2(4)(A) and 2(4)(B)" and insert "**2(5)(A) and 2(5)(B)**".

Page 2, line 32, delete "." and insert "**; and**".

Page 2, between lines 32 and 33, begin a new line block indented and insert:

**"(3) specify the amount of the credit to be claimed under section 6(2)(B) of this chapter. The credit percentage must be at least two percent (2%) but not more than five percent (5%)."**

Page 3, line 31, delete "one and two-hundredths (1.02)." and insert "**the credit percentage adopted in an ordinance under section 3(c)(3) of this chapter.**".

and when so amended that said bill do pass.

(Reference is to SB 46 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 13, Nays 0.





## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 46, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between lines 7 and 8, begin a new paragraph and insert:

**"Sec. 2. As used in this chapter, "neighborhood enhancement district" refers to a geographic territory designated by a county fiscal body and established as a designated area in an ordinance adopting a county option circuit breaker tax credit under section 4 of this chapter."**

Page 1, line 8, delete "2." and insert "3."

Page 1, line 10, delete "qualified for" and insert **"has received"**.

Page 1, line 17, delete "qualifies for" and insert **"is receiving"**.

Page 2, line 14, delete "3(c)(2)" and insert **"4(c)(2)"**.

Page 2, line 19, delete "3(c)(2)" and insert **"4(c)(2)"**.

Page 2, line 23, delete "3. (a) A" and insert **"4. (a) Subject to subsection (h), a"**.

Page 2, line 26, delete "designate:" and insert **"designate a neighborhood enhancement district. A neighborhood enhancement district may include:"**.

Page 2, line 31, delete "An" and insert **"Subject to subsection (h), an"**.

Page 2, line 32, delete "geographic area or" and insert **"neighborhood enhancement district or districts"**.

Page 2, line 33, delete "areas".

Page 2, line 35, delete "2(5)(A) and 2(5)(B)" and insert **"3(5)(A) and 3(5)(B)"**.

Page 2, line 36, delete "amount of the credit to be claimed under" and insert **"percentage of increase on a qualified individual's property tax liability in a particular year compared to the prior year that is to be used in determining the amount of the county option circuit breaker tax credit calculated under section 7(2)(B) of this chapter."**

Page 2, line 37, delete "section 6(2)(B) of this chapter."

Page 2, line 37, delete "credit".

Page 2, between lines 39 and 40, begin a new line blocked left and insert:

**"The boundary description required under subdivision (1) must be sufficient to identify the parcel or parcels to which the credit may be applied, including identification by taxing district, a parcel list,**



or a legal description."

Page 3, between lines 6 and 7, begin a new paragraph and insert:

**"(g) An ordinance adopted under this section must specify that the credit does not apply for property taxes first due and payable after December 31, 2027.**

**(h) A county fiscal body shall prescribe the same income thresholds, credit amounts, and any other requirements related to eligibility for each neighborhood enhancement district designated in the county."**

Page 3, line 7, delete "4." and insert "5."

Page 3, line 9, after "shall" insert ", not later than fifteen (15) days after the adoption of the ordinance,".

Page 3, line 15, delete "geographic" and insert "neighborhood enhancement district or districts".

Page 3, line 16, delete "area or areas".

Page 3, line 18, delete "5." and insert "6. (a)".

Page 3, between lines 24 and 25, begin a new paragraph and insert:

**"(b) An individual who has a credit provided under this chapter applied to the individual's property tax liability in a particular calendar year may not also have a credit under IC 6-1.1-20.6-8.5 applied to the individual's property tax liability in the same calendar year.**

**(c) Not more than one (1) credit may be claimed under this chapter with respect to a particular homestead by any qualified individual."**

Page 3, line 25, delete "6." and insert "7."

Page 3, line 38, delete "credit percentage" and insert "sum of:

**(i) the percentage".**

Page 3, line 39, delete "3(c)(3) of this chapter." and insert "4(c)(3) of this chapter, expressed as a decimal; plus

**(ii) one (1)".**

Page 4, between lines 2 and 3, begin a new paragraph and insert:

**"Sec. 8. If the ownership of a homestead for which a qualified individual received a credit under this chapter changes, and the qualified individual no longer owns or principally resides in the homestead, the county auditor shall remove the designation of the individual as a qualified individual with respect to that homestead."**

Page 4, line 3, delete "7." and insert "9."

Page 4, line 9, delete "8." and insert "10."

Page 4, after line 34, begin a new paragraph and insert:



**"Sec. 11. This chapter expires January 1, 2028."**  
and when so amended that said bill do pass.

(Reference is to SB 46 as printed February 1, 2023.)

THOMPSON

Committee Vote: yeas 21, nays 1.

