Reprinted
April 12, 2023

ENGROSSED
SENATE BILL No. 325

DIGEST OF SB 325 (Updated April 11, 2023 2:30 pm - DI 92)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Homestead standard deduction. Specifies the requirements and the real property improvements considered when determining whether property is a dwelling or a homestead for purposes of the standard property tax deduction law. Removes additional definitions of "homestead" from the statute. Specifies that for purposes of the circuit breaker law "nonresidential real property" refers to real property that is not: (1) a homestead; (2) residential property; (3) long term care property; or (4) agricultural land. Provides that, for assessment dates after December 31, 2023, "residential property" includes any other land, building, or residential yard structure, including a deck, patio, gazebo, or pool that is not attached to a dwelling that: (1) is not part of a homestead; and (2) is predominantly used for a residential purpose. Makes a conforming change.

Effective: January 1, 2024.

Buchanan, Gaskill, Rogers,
Randolph Lonnie M
(HOUSE SPONSOR — THOMPSON)

January 12, 2023, read first time and referred to Committee on Tax and Fiscal Policy.
February 21, 2023, amended, reported favorably — Do Pass.
February 27, 2023, read second time, amended, ordered engrossed.
February 28, 2023, engrossed. Read third time, passed. Yeas 41, nays 8.
HOUSE ACTION
March 6, 2023, read first time and referred to Committee on Ways and Means.
April 6, 2023, amended, reported — Do Pass.
April 11, 2023, read second time, amended, ordered engrossed.

Reprinted
April 12, 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. 325

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 6-1.1-12-17.8, AS AMENDED BY P.L.174-2022, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 17.8. (a) An individual who receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter in a particular year and who remains eligible for the deduction in the following year is not required to file a statement to apply for the deduction in the following year. However, for purposes of a deduction under section 37 of this chapter, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(b) An individual who receives a deduction provided under section 9, 11, 13, 14, 16, or 17.4 (before its expiration) of this chapter in a particular year and who becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the real property, mobile home, or manufactured home for which the individual claims the deduction is located of the individual's ineligibility in the year in which the individual becomes ineligible. An individual who becomes ineligible for a deduction under section 37 of this chapter shall notify the county auditor of the county in which the property is located in conformity with section 37 of this chapter.

(c) The auditor of each county shall, in a particular year, apply a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter to each individual who received the deduction in the preceding year unless the auditor determines that the individual is no longer eligible for the deduction.

(d) An individual who receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter for property that is jointly held with another owner in a particular year and remains eligible for the deduction in the following year is not required to file a statement to reapply for the deduction following the removal of the joint owner if:

(1) the individual is the sole owner of the property following the death of the individual's spouse; or

(2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse.

If a county auditor terminates a deduction under section 9 of this chapter, a deduction under section 37 of this chapter, or a credit under IC 6-1.1-20.6-8.5 after June 30, 2017, and before May 1, 2019, because the taxpayer claiming the deduction or credit did not comply with a requirement added to this subsection by P.L.255-2017 to reapply for the deduction or credit, the county auditor shall reinstate the deduction or credit if the taxpayer provides proof that the taxpayer is eligible for the deduction or credit and is not claiming the deduction or credit for any other property.

(e) A trust entitled to a deduction under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter for real property owned by the trust and occupied by an individual in accordance with section 17.9 of this chapter is not required to file a statement to apply for the deduction, if:

(1) the individual who occupies the real property receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter in a particular year; and
(2) the trust remains eligible for the deduction in the following year.

However, for purposes of a deduction under section 37 of this chapter, the individuals that qualify the trust for a deduction must comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013.

(f) A cooperative housing corporation (as defined in 26 U.S.C. 216) that is entitled to a deduction under section 37 of this chapter in the immediately preceding calendar year for a homestead (as defined in section 37 of this chapter) is not required to file a statement to apply for the deduction for the current calendar year if the cooperative housing corporation remains eligible for the deduction for the current calendar year. However, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or
(2) the last known address of the most recent owner shown in the transfer book.

(g) An individual who:

(1) was eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2007, or January 15, 2008, assessment date; or
(2) would have been eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had not been repealed;

is not required to file a statement to apply for a deduction under section 37 of this chapter if the individual remains eligible for the deduction in the current year. An individual who filed for a homestead credit under

IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if the property is real property), or after January 1, 2008 (if the property is personal property), shall be treated as an individual who has filed for a deduction under section 37 of this chapter. However, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book.

(h) If a county auditor terminates a deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall reinstate the deduction if the taxpayer provides proof that the taxpayer is eligible for the deduction and is not claiming the deduction for any other property.

~~(i) A taxpayer described in section 37(k) of this chapter is not required to file a statement to apply for the deduction provided by section 37 of this chapter for a calendar year beginning after December 31, 2008, if the property owned by the taxpayer remains eligible for the deduction for that calendar year. However, the county auditor may terminate the deduction for assessment dates after January 15, 2012, if the individual residing on the property owned by the taxpayer does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the individual residing on the property did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:~~

~~(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or~~

~~(2) the last known address of the most recent owner shown in the transfer book.~~

SECTION 2. IC 6-1.1-12-37, AS AMENDED BY P.L.174-2022,

SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 37. (a) The following definitions apply throughout this section:

(1) "Dwelling" means any of the following:

(A) Residential real property improvements that an individual uses as the individual's residence, ~~including a house or garage.~~ **limited to a single house and a single garage, regardless of whether the single garage is attached to the single house or detached from the single house.**

(B) A mobile home that is not assessed as real property that an individual uses as the individual's residence.

(C) A manufactured home that is not assessed as real property that an individual uses as the individual's residence.

(2) "Homestead" means an individual's principal place of residence:

(A) that is located in Indiana;

(B) that:

(i) the individual owns;

(ii) the individual is buying under a contract recorded in the county recorder's office, or evidenced by a memorandum of contract recorded in the county recorder's office under IC 36-2-11-20, that provides that the individual is to pay the property taxes on the residence, and that obligates the owner to convey title to the individual upon completion of all of the individual's contract obligations;

(iii) the individual is entitled to occupy as a tenant-stockholder (as defined in 26 U.S.C. 216) of a cooperative housing corporation (as defined in 26 U.S.C. 216); or

(iv) is a residence described in section 17.9 of this chapter that is owned by a trust if the individual is an individual described in section 17.9 of this chapter; and

(C) that:

(i) consists of a dwelling ~~and the real estate, not exceeding~~ **and up to** one (1) acre ~~that immediately surrounds~~ **of land immediately surrounding** that dwelling; **and**

(ii) may include any number of decks, patios, gazebos, or pools, one (1) additional building that is not part of the dwelling and that is predominantly used for a residential purpose (but does not include an investment property or rental property), and one (1) additional residential yard structure other than a deck, patio, gazebo, or pool.

~~Except as provided in subsection (k),~~ The term does not include property owned by a corporation, partnership, limited liability company, or other entity not described in this subdivision.

(b) Each year a homestead is eligible for a standard deduction from the assessed value of the homestead for an assessment date. Except as provided in subsection ~~(p),~~ **(m),** the deduction provided by this section applies to property taxes first due and payable for an assessment date only if an individual has an interest in the homestead described in subsection (a)(2)(B) on:

(1) the assessment date; or

(2) any date in the same year after an assessment date that a statement is filed under subsection (e) or section 44 of this chapter, if the property consists of real property.

If more than one (1) individual or entity qualifies property as a homestead under subsection (a)(2)(B) for an assessment date, only one (1) standard deduction from the assessed value of the homestead may be applied for the assessment date. Subject to subsection (c), the auditor of the county shall record and make the deduction for the individual or entity qualifying for the deduction.

(c) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) sixty percent (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

(2) for assessment dates:

(A) before January 1, 2023, forty-five thousand dollars ($45,000); or

(B) after December 31, 2022, forty-eight thousand dollars ($48,000).

(d) A person 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 with respect to that real property, mobile home, or manufactured home.

(e) Except as provided in sections 17.8 and 44 of this chapter and subject to section 45 of this chapter, an individual who desires to claim the deduction provided by this section must file a certified statement on forms prescribed by the department of local government finance, with the auditor of the county in which the homestead is located. The statement must include:

(1) the parcel number or key number of the property and the name of the city, town, or township in which the property is located;

(2) the name of any other location in which the applicant or the applicant's spouse owns, is buying, or has a beneficial interest in residential real property;

(3) the names of:

(A) the applicant and the applicant's spouse (if any):

(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) that they use as their legal names when they sign their names on legal documents;

if the applicant is an individual; or

(B) each individual who qualifies property as a homestead under subsection (a)(2)(B) and the individual's spouse (if any):

(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or

(ii) that they use as their legal names when they sign their names on legal documents;

if the applicant is not an individual; and

(4) either:

(A) the last five (5) digits of the applicant's Social Security number and the last five (5) digits of the Social Security number of the applicant's spouse (if any); or

(B) if the applicant or the applicant's spouse (if any) does not have a Social Security number, any of the following for that individual:

(i) The last five (5) digits of the individual's driver's license number.

(ii) The last five (5) digits of the individual's state identification card number.

(iii) The last five (5) digits of a preparer tax identification number that is obtained by the individual through the Internal Revenue Service of the United States.

(iv) If the individual does not have a driver's license, a state identification card, or an Internal Revenue Service preparer tax identification number, the last five (5) digits of a control number that is on a document issued to the individual by the

United States government.

If a form or statement provided to the county auditor under this section, IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or part or all of the Social Security number of a party or other number described in subdivision (4)(B) of a party, the telephone number and the Social Security number or other number described in subdivision (4)(B) included are confidential. The statement may be filed in person or by mail. If the statement is mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the deduction is allowed. To obtain the deduction for a desired calendar year in which property taxes are first due and payable, the statement must be completed and dated in the immediately preceding calendar year and filed with the county auditor on or before January 5 of the calendar year in which the property taxes are first due and payable.

(f) Except as provided in subsection ~~(n),~~ **(k),** if a person who is receiving, or seeks to receive, the deduction provided by this section in the person's name:

(1) changes the use of the individual's property so that part or all of the property no longer qualifies for the deduction under this section; or

(2) is not eligible for a deduction under this section because the person is already receiving:

(A) a deduction under this section in the person's name as an individual or a spouse; or

(B) a deduction under the law of another state that is equivalent to the deduction provided by this section;

the person must file a certified statement with the auditor of the county, notifying the auditor of the person's ineligibility, not more than sixty (60) days after the date of the change in eligibility. A person who fails to file the statement required by this subsection may, under IC 6-1.1-36-17, be liable for any additional taxes that would have been due on the property if the person had filed the statement as required by this subsection plus a civil penalty equal to ten percent (10%) of the additional taxes due. The civil penalty imposed under this subsection is in addition to any interest and penalties for a delinquent payment that might otherwise be due. One percent (1%) of the total civil penalty collected under this subsection shall be transferred by the county to the department of local government finance for use by the department in establishing and maintaining the homestead property data base under subsection (i) and, to the extent there is money remaining, for any other purposes of the department. This amount becomes part of the property tax liability for purposes of this article.

(g) The department of local government finance may adopt rules or guidelines concerning the application for a deduction under this section.

(h) This subsection does not apply to property in the first year for which a deduction is claimed under this section if the sole reason that a deduction is claimed on other property is that the individual or married couple maintained a principal residence at the other property on the assessment date in the same year in which an application for a deduction is filed under this section or, if the application is for a homestead that is assessed as personal property, on the assessment date in the immediately preceding year and the individual or married couple is moving the individual's or married couple's principal residence to the property that is the subject of the application. Except as provided in subsection ~~(n),~~ **(k),** the county auditor may not grant an individual or a married couple a deduction under this section if:

(1) the individual or married couple, for the same year, claims the deduction on two (2) or more different applications for the deduction; and

(2) the applications claim the deduction for different property.

(i) The department of local government finance shall provide secure access to county auditors to a homestead property data base that includes access to the homestead owner's name and the numbers required from the homestead owner under subsection (e)(4) for the sole purpose of verifying whether an owner is wrongly claiming a deduction under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or IC 6-3.6-5 (after December 31, 2016). Each county auditor shall submit data on deductions applicable to the current tax year on or before March 15 of each year in a manner prescribed by the department of local government finance.

(j) A county auditor may require an individual to provide evidence proving that the individual's residence is the individual's principal place of residence as claimed in the certified statement filed under subsection (e). The county auditor may limit the evidence that an individual is required to submit to a state income tax return, a valid driver's license, or a valid voter registration card showing that the residence for which the deduction is claimed is the individual's principal place of residence. The department of local government finance shall work with county auditors to develop procedures to determine whether a property owner that is claiming a standard deduction or homestead credit is not eligible for the standard deduction or homestead credit because the property owner's principal place of residence is outside Indiana.

~~(k) As used in this section, "homestead" includes property that satisfies each of the following requirements:~~

~~(1) The property is located in Indiana and consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.~~

~~(2) The property is the principal place of residence of an individual.~~

~~(3) The property is owned by an entity that is not described in subsection (a)(2)(B).~~

~~(4) The individual residing on the property is a shareholder, partner, or member of the entity that owns the property.~~

~~(5) The property was eligible for the standard deduction under this section on March 1, 2009.~~

~~(l) If a county auditor terminates a deduction for property described in subsection (k) with respect to property taxes that are:~~

~~(1) imposed for an assessment date in 2009; and~~

~~(2) first due and payable in 2010;~~

~~on the grounds that the property is not owned by an entity described in subsection (a)(2)(B), the county auditor shall reinstate the deduction if the taxpayer provides proof that the property is eligible for the deduction in accordance with subsection (k) and that the individual residing on the property is not claiming the deduction for any other property.~~

~~(m) For assessment dates after 2009, the term "homestead" includes:~~

~~(1) a deck or patio;~~

~~(2) a gazebo; or~~

~~(3) another residential yard structure, as defined in rules adopted by the department of local government finance (other than a swimming pool);~~

~~that is assessed as real property and attached to the dwelling.~~

~~(n)~~ **(k)** A county auditor shall grant an individual a deduction under this section regardless of whether the individual and the individual's spouse claim a deduction on two (2) different applications and each application claims a deduction for different property if the property owned by the individual's spouse is located outside Indiana and the individual files an affidavit with the county auditor containing the following information:

(1) The names of the county and state in which the individual's spouse claims a deduction substantially similar to the deduction allowed by this section.

(2) A statement made under penalty of perjury that the following are true:

(A) That the individual and the individual's spouse maintain separate principal places of residence.
(B) That neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence.
(C) That neither the individual nor the individual's spouse has, for that same year, claimed a standard or substantially similar deduction for any property other than the property maintained as a principal place of residence by the respective individuals.

A county auditor may require an individual or an individual's spouse to provide evidence of the accuracy of the information contained in an affidavit submitted under this subsection. The evidence required of the individual or the individual's spouse may include state income tax returns, excise tax payment information, property tax payment information, driver license information, and voter registration information.

~~(o)~~ **(l)** If:
(1) a property owner files a statement under subsection (e) to claim the deduction provided by this section for a particular property; and
(2) the county auditor receiving the filed statement determines that the property owner's property is not eligible for the deduction;

the county auditor shall inform the property owner of the county auditor's determination in writing. If a property owner's property is not eligible for the deduction because the county auditor has determined that the property is not the property owner's principal place of residence, the property owner may appeal the county auditor's determination as provided in IC 6-1.1-15. The county auditor shall inform the property owner of the owner's right to appeal when the county auditor informs the property owner of the county auditor's determination under this subsection.

~~(p)~~ **(m)** An individual is entitled to the deduction under this section for a homestead for a particular assessment date if:
(1) either:
(A) the individual's interest in the homestead as described in subsection (a)(2)(B) is conveyed to the individual after the assessment date, but within the calendar year in which the assessment date occurs; or
(B) the individual contracts to purchase the homestead after the assessment date, but within the calendar year in which the assessment date occurs;
(2) on the assessment date:

(A) the property on which the homestead is currently located was vacant land; or

(B) the construction of the dwelling that constitutes the homestead was not completed; and

(3) either:

(A) the individual files the certified statement required by subsection (e); or

(B) a sales disclosure form that meets the requirements of section 44 of this chapter is submitted to the county assessor on or before December 31 of the calendar year for the individual's purchase of the homestead.

An individual who satisfies the requirements of subdivisions (1) through (3) is entitled to the deduction under this section for the homestead for the assessment date, even if on the assessment date the property on which the homestead is currently located was vacant land or the construction of the dwelling that constitutes the homestead was not completed. The county auditor shall apply the deduction for the assessment date and for the assessment date in any later year in which the homestead remains eligible for the deduction. A homestead that qualifies for the deduction under this section as provided in this subsection is considered a homestead for purposes of section 37.5 of this chapter and IC 6-1.1-20.6.

~~(q)~~ **(n)** This subsection applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013. Notwithstanding any other provision of this section, an individual buying a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property under a contract providing that the individual is to pay the property taxes on the mobile home or manufactured home is not entitled to the deduction provided by this section unless the parties to the contract comply with IC 9-17-6-17.

~~(r)~~ **(o)** This subsection:

(1) applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013; and

(2) does not apply to an individual described in subsection ~~(q).~~ **(n).**

The owner of a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property must attach a copy of the owner's title to the mobile home or manufactured home to the application for the deduction provided by this section.

~~(s)~~ **(p)** For assessment dates after 2013, the term "homestead" includes property that is owned by an individual who:

(1) is serving on active duty in any branch of the armed forces of the United States;

(2) was ordered to transfer to a location outside Indiana; and

(3) was otherwise eligible, without regard to this subsection, for the deduction under this section for the property for the assessment date immediately preceding the transfer date specified in the order described in subdivision (2).

For property to qualify under this subsection for the deduction provided by this section, the individual described in subdivisions (1) through (3) must submit to the county auditor a copy of the individual's transfer orders or other information sufficient to show that the individual was ordered to transfer to a location outside Indiana. The property continues to qualify for the deduction provided by this section until the individual ceases to be on active duty, the property is sold, or the individual's ownership interest is otherwise terminated, whichever occurs first. Notwithstanding subsection (a)(2), the property remains a homestead regardless of whether the property continues to be the individual's principal place of residence after the individual transfers to a location outside Indiana. The property continues to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana and is serving on active duty, if the individual has lived at the property at any time during the past ten (10) years. Otherwise, the property ceases to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana. Property that qualifies as a homestead under this subsection shall also be construed as a homestead for purposes of section 37.5 of this chapter.

SECTION 3. IC 6-1.1-20.6-2.5, AS ADDED BY P.L.146-2008, SECTION 218, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 2.5. ~~(a)~~ As used in this chapter, "nonresidential real property" refers to ~~either of the following:~~

~~(1)~~ real property that

~~(A)~~ is not:

~~(i)~~ **(1)** a homestead; ~~or~~

~~(ii)~~ **(2)** residential property; ~~and~~

(3) long term care property; or

(4) agricultural land.

~~(B) consists of:~~

~~(i) a building or other land improvement; and~~

~~(ii) the land, not exceeding the area of the building footprint or improvement footprint, on which the building or~~

~~improvement is located.~~

~~(2) Undeveloped land in the amount of the remainder of:~~

~~(A) the area of a parcel; minus~~

~~(B) the area of the parcel that is part of:~~

~~(i) a homestead; or~~

~~(ii) residential property.~~

~~(b) The term does not include agricultural land.~~

SECTION 4. IC 6-1.1-20.6-4, AS AMENDED BY P.L.166-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 4. As used in this chapter, "residential property" refers to real property that consists of any of the following:

(1) A single family dwelling that is not part of a homestead and the land ~~not exceeding one (1) acre,~~ on which the dwelling is located.

(2) Real property that consists of:

(A) a building that includes two (2) or more dwelling units;

(B) any common areas shared by the dwelling units (including any land that is a common area, as described in section 1.2(b)(2) of this chapter); and

(C) the land on which the building is located.

(3) Land rented or leased for the placement of a manufactured home or mobile home, including any common areas shared by the manufactured homes or mobile homes.

(4) For assessment dates after December 31, 2023, any other land, building, or residential yard structure including a deck, patio, gazebo, or pool that:

(A) is not part of a homestead; and

(B) is predominantly used for a residential purpose.

The term includes a single family dwelling that is under construction and the land ~~not exceeding one (1) acre,~~ on which the dwelling will be located. The term does not include real property that consists of a commercial hotel, motel, inn, tourist camp, or tourist cabin.

SECTION 5. [EFFECTIVE JANUARY 1, 2024] **(a) IC 6-1.1-12-17.8, IC 6-1.1-12-37, IC 6-1.1-20.6-2.5, and IC 6-1.1-20.6-4, all as amended by this act, apply to assessment dates after December 31, 2023.**

(b) This SECTION expires July 1, 2027.

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 325, 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:

Replace the effective date in SECTION 1 with "[EFFECTIVE JANUARY 1, 2024]".

Page 1, line 7, reset in roman "including".

Page 1, line 7, delete "limited to".

Page 1, line 7, delete "single".

Page 1, line 8, reset in roman "or".

Page 1, line 8, delete "and a single".

Page 2, line 15, after "that" insert ":

(i)".

Page 2, line 17, delete "." and insert "; **and**".

Page 2, between lines 17 and 18, begin a new line triple block indented and insert:

"**(ii) includes a building located on the real estate, not exceeding one (1) acre, that is used for any residential purpose (regardless of whether the building is connected to the residence) but does not include a building used for business and commercial purposes.**".

Page 10, delete lines 3 through 42, begin a new paragraph and insert:

"SECTION 2. [EFFECTIVE JANUARY 1, 2024] **(a) IC 6-1.1-12-37, as amended by this act, applies to assessment dates after December 31, 2023.**

(b) This SECTION expires July 1, 2027.".

Delete pages 11 through 12.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 325 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 1.

SENATE MOTION

Madam President: I move that Senate Bill 325 be amended to read as follows:

Page 2, line 17, delete "a building" and insert "**an improvement**".

Page 2, line 19, delete "the building" and insert "**the improvement**".

Page 2, line 20, delete "a building" and insert "**an improvement**".

Page 4, line 3, strike "and".

Page 4, line 22, delete "." and insert "; **and**".

Page 4, between lines 22 and 23, begin a new line block indented and insert:

"**(5) if a homestead includes an improvement under subsection (a)(2)(C)(ii) within the homestead boundary (not exceeding one (1) acre), the following:**

(A) The location of the improvement within the homestead boundary.

(B) A certification that the improvement is not used for business or commercial purposes.

(C) If the homestead includes more than one (1) improvement under subsection (a)(2)(C)(ii) within the homestead boundary, a statement identifying which of the improvements the individual wishes to claim as part of the individual's homestead.".

(Reference is to SB 325 as printed February 22, 2023.)

BUCHANAN

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 325, 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, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12-17.8, AS AMENDED BY P.L.174-2022, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 17.8. (a) An individual who receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter in a particular year and who remains eligible for the deduction in the following year is not required to file a statement to apply for the deduction in the following year. However, for purposes of a deduction under section 37 of this chapter, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(b) An individual who receives a deduction provided under section 9, 11, 13, 14, 16, or 17.4 (before its expiration) of this chapter in a particular year and who becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the real property, mobile home, or manufactured home for which the individual claims the deduction is located of the individual's ineligibility in the year in which the individual becomes ineligible. An individual who becomes ineligible for a deduction under section 37 of this chapter shall notify the county auditor of the county in which the property is located in conformity with section 37 of this chapter.

(c) The auditor of each county shall, in a particular year, apply a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter to each individual who received the deduction in the preceding year unless the auditor determines that the individual is no longer eligible for the deduction.

(d) An individual who receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter for property that is jointly held with another owner in a particular year and remains eligible for the deduction in the following year is not required to file a statement to reapply for the deduction following the removal of the joint owner if:

(1) the individual is the sole owner of the property following the death of the individual's spouse; or

(2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse.

If a county auditor terminates a deduction under section 9 of this chapter, a deduction under section 37 of this chapter, or a credit under

IC 6-1.1-20.6-8.5 after June 30, 2017, and before May 1, 2019, because the taxpayer claiming the deduction or credit did not comply with a requirement added to this subsection by P.L.255-2017 to reapply for the deduction or credit, the county auditor shall reinstate the deduction or credit if the taxpayer provides proof that the taxpayer is eligible for the deduction or credit and is not claiming the deduction or credit for any other property.

(e) A trust entitled to a deduction under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter for real property owned by the trust and occupied by an individual in accordance with section 17.9 of this chapter is not required to file a statement to apply for the deduction, if:

(1) the individual who occupies the real property receives a deduction provided under section 9, 11, 13, 14, 16, 17.4 (before its expiration), or 37 of this chapter in a particular year; and

(2) the trust remains eligible for the deduction in the following year.

However, for purposes of a deduction under section 37 of this chapter, the individuals that qualify the trust for a deduction must comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013.

(f) A cooperative housing corporation (as defined in 26 U.S.C. 216) that is entitled to a deduction under section 37 of this chapter in the immediately preceding calendar year for a homestead (as defined in section 37 of this chapter) is not required to file a statement to apply for the deduction for the current calendar year if the cooperative housing corporation remains eligible for the deduction for the current calendar year. However, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:

(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or

(2) the last known address of the most recent owner shown in the transfer book.

(g) An individual who:

(1) was eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2007, or January 15, 2008, assessment date; or

(2) would have been eligible for a homestead credit under IC 6-1.1-20.9 (repealed) for property taxes imposed for the March 1, 2008, or January 15, 2009, assessment date if IC 6-1.1-20.9 had not been repealed;

is not required to file a statement to apply for a deduction under section 37 of this chapter if the individual remains eligible for the deduction in the current year. An individual who filed for a homestead credit under IC 6-1.1-20.9 (repealed) for an assessment date after March 1, 2007 (if the property is real property), or after January 1, 2008 (if the property is personal property), shall be treated as an individual who has filed for a deduction under section 37 of this chapter. However, the county auditor may, in the county auditor's discretion, terminate the deduction for assessment dates after January 15, 2012, if the individual does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates the deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book.

(h) If a county auditor terminates a deduction because the taxpayer claiming the deduction did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall reinstate the deduction if the taxpayer provides proof that the taxpayer is eligible for the deduction and is not claiming the deduction for any other property.

~~(i) A taxpayer described in section 37(k) of this chapter is not required to file a statement to apply for the deduction provided by section 37 of this chapter for a calendar year beginning after December 31, 2008, if the property owned by the taxpayer remains eligible for the deduction for that calendar year. However, the county auditor may terminate the deduction for assessment dates after January 15, 2012, if the individual residing on the property owned by the taxpayer does not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015), as determined by the county auditor, before January 1, 2013. Before the county auditor terminates a deduction because the~~

~~individual residing on the property did not comply with the requirement in IC 6-1.1-22-8.1(b)(9) (expired January 1, 2015) before January 1, 2013, the county auditor shall mail notice of the proposed termination of the deduction to:~~

~~(1) the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records; or~~

~~(2) the last known address of the most recent owner shown in the transfer book.~~

SECTION 2. IC 6-1.1-12-37, AS AMENDED BY P.L.174-2022, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 37. (a) The following definitions apply throughout this section:

(1) "Dwelling" means any of the following:

(A) Residential real property improvements that an individual uses as the individual's residence, ~~including a house or garage.~~ **limited to a single house and a single garage, regardless of whether the single garage is attached to the single house or detached from the single house.**

(B) A mobile home that is not assessed as real property that an individual uses as the individual's residence.

(C) A manufactured home that is not assessed as real property that an individual uses as the individual's residence.

(2) "Homestead" means an individual's principal place of residence:

(A) that is located in Indiana;

(B) that:

(i) the individual owns;

(ii) the individual is buying under a contract recorded in the county recorder's office, or evidenced by a memorandum of contract recorded in the county recorder's office under IC 36-2-11-20, that provides that the individual is to pay the property taxes on the residence, and that obligates the owner to convey title to the individual upon completion of all of the individual's contract obligations;

(iii) the individual is entitled to occupy as a tenant-stockholder (as defined in 26 U.S.C. 216) of a cooperative housing corporation (as defined in 26 U.S.C. 216); or

(iv) is a residence described in section 17.9 of this chapter that is owned by a trust if the individual is an individual described in section 17.9 of this chapter; and

(C) that consists of a dwelling, ~~and the real estate, not exceeding~~ **up to** one (1) acre ~~that immediately surrounds~~ **of land immediately surrounding** that dwelling, **one (1) additional building that is not part of the dwelling and that is predominantly used for a residential purpose, and a deck, patio, gazebo, pool, or another residential yard structure.**

~~Except as provided in subsection (k),~~ The term does not include property owned by a corporation, partnership, limited liability company, or other entity not described in this subdivision.

(b) Each year a homestead is eligible for a standard deduction from the assessed value of the homestead for an assessment date. Except as provided in subsection ~~(p),~~ **(m),** the deduction provided by this section applies to property taxes first due and payable for an assessment date only if an individual has an interest in the homestead described in subsection (a)(2)(B) on:

(1) the assessment date; or

(2) any date in the same year after an assessment date that a statement is filed under subsection (e) or section 44 of this chapter, if the property consists of real property.

If more than one (1) individual or entity qualifies property as a homestead under subsection (a)(2)(B) for an assessment date, only one (1) standard deduction from the assessed value of the homestead may be applied for the assessment date. Subject to subsection (c), the auditor of the county shall record and make the deduction for the individual or entity qualifying for the deduction.

(c) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) sixty percent (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

(2) for assessment dates:

(A) before January 1, 2023, forty-five thousand dollars ($45,000); or

(B) after December 31, 2022, forty-eight thousand dollars ($48,000).

(d) A person 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 with respect to that real property, mobile home, or manufactured home.

(e) Except as provided in sections 17.8 and 44 of this chapter and subject to section 45 of this chapter, an individual who desires to claim the deduction provided by this section must file a certified statement on forms prescribed by the department of local government finance, with the auditor of the county in which the homestead is located. The statement must include:

(1) the parcel number or key number of the property and the name of the city, town, or township in which the property is located;
(2) the name of any other location in which the applicant or the applicant's spouse owns, is buying, or has a beneficial interest in residential real property;
(3) the names of:
(A) the applicant and the applicant's spouse (if any):
(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or
(ii) that they use as their legal names when they sign their names on legal documents;
if the applicant is an individual; or
(B) each individual who qualifies property as a homestead under subsection (a)(2)(B) and the individual's spouse (if any):
(i) as the names appear in the records of the United States Social Security Administration for the purposes of the issuance of a Social Security card and Social Security number; or
(ii) that they use as their legal names when they sign their names on legal documents;
if the applicant is not an individual; and
(4) either:
(A) the last five (5) digits of the applicant's Social Security number and the last five (5) digits of the Social Security number of the applicant's spouse (if any); or
(B) if the applicant or the applicant's spouse (if any) does not have a Social Security number, any of the following for that individual:
(i) The last five (5) digits of the individual's driver's license number.
(ii) The last five (5) digits of the individual's state identification card number.

(iii) The last five (5) digits of a preparer tax identification number that is obtained by the individual through the Internal Revenue Service of the United States.
(iv) If the individual does not have a driver's license, a state identification card, or an Internal Revenue Service preparer tax identification number, the last five (5) digits of a control number that is on a document issued to the individual by the United States government.

If a form or statement provided to the county auditor under this section, IC 6-1.1-22-8.1, or IC 6-1.1-22.5-12 includes the telephone number or part or all of the Social Security number of a party or other number described in subdivision (4)(B) of a party, the telephone number and the Social Security number or other number described in subdivision (4)(B) included are confidential. The statement may be filed in person or by mail. If the statement is mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the deduction is allowed. To obtain the deduction for a desired calendar year in which property taxes are first due and payable, the statement must be completed and dated in the immediately preceding calendar year and filed with the county auditor on or before January 5 of the calendar year in which the property taxes are first due and payable.

(f) Except as provided in subsection ~~(n),~~ **(k),** if a person who is receiving, or seeks to receive, the deduction provided by this section in the person's name:
(1) changes the use of the individual's property so that part or all of the property no longer qualifies for the deduction under this section; or
(2) is not eligible for a deduction under this section because the person is already receiving:
(A) a deduction under this section in the person's name as an individual or a spouse; or
(B) a deduction under the law of another state that is equivalent to the deduction provided by this section;

the person must file a certified statement with the auditor of the county, notifying the auditor of the person's ineligibility, not more than sixty (60) days after the date of the change in eligibility. A person who fails to file the statement required by this subsection may, under IC 6-1.1-36-17, be liable for any additional taxes that would have been due on the property if the person had filed the statement as required by this subsection plus a civil penalty equal to ten percent (10%) of the additional taxes due. The civil penalty imposed under this subsection is in addition to any interest and penalties for a delinquent payment that might otherwise be due. One percent (1%) of the total civil penalty collected under this subsection shall be transferred by the county to the department of local government finance for use by the department in establishing and maintaining the homestead property data base under subsection (i) and, to the extent there is money remaining, for any other purposes of the department. This amount becomes part of the property tax liability for purposes of this article.

(g) The department of local government finance may adopt rules or guidelines concerning the application for a deduction under this section.

(h) This subsection does not apply to property in the first year for which a deduction is claimed under this section if the sole reason that a deduction is claimed on other property is that the individual or married couple maintained a principal residence at the other property on the assessment date in the same year in which an application for a deduction is filed under this section or, if the application is for a homestead that is assessed as personal property, on the assessment date in the immediately preceding year and the individual or married couple is moving the individual's or married couple's principal residence to the property that is the subject of the application. Except as provided in subsection ~~(n),~~ **(k),** the county auditor may not grant an individual or a married couple a deduction under this section if:

(1) the individual or married couple, for the same year, claims the deduction on two (2) or more different applications for the deduction; and

(2) the applications claim the deduction for different property.

(i) The department of local government finance shall provide secure access to county auditors to a homestead property data base that includes access to the homestead owner's name and the numbers required from the homestead owner under subsection (e)(4) for the sole purpose of verifying whether an owner is wrongly claiming a deduction under this chapter or a credit under IC 6-1.1-20.4, IC 6-1.1-20.6, or IC 6-3.6-5 (after December 31, 2016). Each county auditor shall submit data on deductions applicable to the current tax year on or before March 15 of each year in a manner prescribed by the department of local government finance.

(j) A county auditor may require an individual to provide evidence proving that the individual's residence is the individual's principal place of residence as claimed in the certified statement filed under subsection (e). The county auditor may limit the evidence that an individual is required to submit to a state income tax return, a valid driver's license, or a valid voter registration card showing that the residence for which the deduction is claimed is the individual's principal place of residence. The department of local government finance shall work with county auditors to develop procedures to determine whether a property owner that is claiming a standard deduction or homestead credit is not eligible for the standard deduction or homestead credit because the property owner's principal place of residence is outside Indiana.

~~(k) As used in this section, "homestead" includes property that satisfies each of the following requirements:~~

~~(1) The property is located in Indiana and consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.~~

~~(2) The property is the principal place of residence of an individual.~~

~~(3) The property is owned by an entity that is not described in subsection (a)(2)(B).~~

~~(4) The individual residing on the property is a shareholder, partner, or member of the entity that owns the property.~~

~~(5) The property was eligible for the standard deduction under this section on March 1, 2009.~~

~~(l) If a county auditor terminates a deduction for property described in subsection (k) with respect to property taxes that are:~~

~~(1) imposed for an assessment date in 2009; and~~

~~(2) first due and payable in 2010;~~

~~on the grounds that the property is not owned by an entity described in subsection (a)(2)(B), the county auditor shall reinstate the deduction if the taxpayer provides proof that the property is eligible for the deduction in accordance with subsection (k) and that the individual residing on the property is not claiming the deduction for any other property.~~

~~(m) For assessment dates after 2009, the term "homestead" includes:~~

~~(1) a deck or patio;~~

~~(2) a gazebo; or~~

~~(3) another residential yard structure, as defined in rules adopted by the department of local government finance (other than a swimming pool);~~

~~that is assessed as real property and attached to the dwelling.~~

~~(n)~~ **(k)** A county auditor shall grant an individual a deduction under this section regardless of whether the individual and the individual's spouse claim a deduction on two (2) different applications and each application claims a deduction for different property if the property owned by the individual's spouse is located outside Indiana and the individual files an affidavit with the county auditor containing the following information:

(1) The names of the county and state in which the individual's spouse claims a deduction substantially similar to the deduction allowed by this section.

(2) A statement made under penalty of perjury that the following are true:

(A) That the individual and the individual's spouse maintain separate principal places of residence.

(B) That neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence.

(C) That neither the individual nor the individual's spouse has, for that same year, claimed a standard or substantially similar deduction for any property other than the property maintained as a principal place of residence by the respective individuals.

A county auditor may require an individual or an individual's spouse to provide evidence of the accuracy of the information contained in an affidavit submitted under this subsection. The evidence required of the individual or the individual's spouse may include state income tax returns, excise tax payment information, property tax payment information, driver license information, and voter registration information.

~~(o)~~ **(l)** If:

(1) a property owner files a statement under subsection (e) to claim the deduction provided by this section for a particular property; and

(2) the county auditor receiving the filed statement determines that the property owner's property is not eligible for the deduction;

the county auditor shall inform the property owner of the county auditor's determination in writing. If a property owner's property is not eligible for the deduction because the county auditor has determined that the property is not the property owner's principal place of residence, the property owner may appeal the county auditor's determination as provided in IC 6-1.1-15. The county auditor shall inform the property owner of the owner's right to appeal when the county auditor informs the property owner of the county auditor's determination under this subsection.

~~(p)~~ **(m)** An individual is entitled to the deduction under this section for a homestead for a particular assessment date if:

(1) either:

(A) the individual's interest in the homestead as described in subsection (a)(2)(B) is conveyed to the individual after the assessment date, but within the calendar year in which the assessment date occurs; or

(B) the individual contracts to purchase the homestead after the assessment date, but within the calendar year in which the assessment date occurs;

(2) on the assessment date:

(A) the property on which the homestead is currently located was vacant land; or

(B) the construction of the dwelling that constitutes the homestead was not completed; and

(3) either:

(A) the individual files the certified statement required by subsection (e); or

(B) a sales disclosure form that meets the requirements of section 44 of this chapter is submitted to the county assessor on or before December 31 of the calendar year for the individual's purchase of the homestead.

An individual who satisfies the requirements of subdivisions (1) through (3) is entitled to the deduction under this section for the homestead for the assessment date, even if on the assessment date the property on which the homestead is currently located was vacant land or the construction of the dwelling that constitutes the homestead was not completed. The county auditor shall apply the deduction for the assessment date and for the assessment date in any later year in which the homestead remains eligible for the deduction. A homestead that qualifies for the deduction under this section as provided in this subsection is considered a homestead for purposes of section 37.5 of this chapter and IC 6-1.1-20.6.

~~(q)~~ **(n)** This subsection applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013. Notwithstanding any other provision of this section, an individual buying a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property under a contract providing that the individual is to pay the property taxes on the mobile home or manufactured home is not entitled to the deduction provided by this section unless the parties to the contract comply with IC 9-17-6-17.

~~(r)~~ **(o)** This subsection:

(1) applies to an application for the deduction provided by this section that is filed for an assessment date occurring after December 31, 2013; and

(2) does not apply to an individual described in subsection ~~(q).~~ **(n).**

The owner of a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property must attach a copy of the owner's title to the mobile home or manufactured home to the application for the deduction provided by this section.

~~(s)~~ **(p)** For assessment dates after 2013, the term "homestead" includes property that is owned by an individual who:

(1) is serving on active duty in any branch of the armed forces of the United States;

(2) was ordered to transfer to a location outside Indiana; and

(3) was otherwise eligible, without regard to this subsection, for the deduction under this section for the property for the assessment date immediately preceding the transfer date specified in the order described in subdivision (2).

For property to qualify under this subsection for the deduction provided by this section, the individual described in subdivisions (1) through (3) must submit to the county auditor a copy of the individual's transfer orders or other information sufficient to show that the individual was ordered to transfer to a location outside Indiana. The property continues to qualify for the deduction provided by this section until the individual ceases to be on active duty, the property is sold, or the individual's ownership interest is otherwise terminated, whichever occurs first. Notwithstanding subsection (a)(2), the property remains a homestead regardless of whether the property continues to be the individual's principal place of residence after the individual transfers to a location outside Indiana. The property continues to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana and is serving on active duty, if the individual has lived at the property at any time during the past ten (10) years. Otherwise, the property ceases to qualify as a homestead under this subsection if the property is leased while the individual is away from Indiana. Property that qualifies as a homestead under this subsection shall also be construed as a homestead for purposes of section 37.5 of this chapter.

SECTION 3. IC 6-1.1-20.6-2.5, AS ADDED BY P.L.146-2008, SECTION 218, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 2.5. ~~(a)~~ As used in this chapter, "nonresidential real property" refers to ~~either of the following:~~

~~(1)~~ real property that

~~(A)~~ is not:

~~(i)~~ **(1)** a homestead; ~~or~~

~~(ii)~~ **(2)** residential property; ~~and~~

(3) long term care property; or

(4) agricultural land.

~~(B) consists of:~~

~~(i) a building or other land improvement; and~~

~~(ii) the land, not exceeding the area of the building footprint or improvement footprint, on which the building or improvement is located.~~

~~(2) Undeveloped land in the amount of the remainder of:~~

~~(A) the area of a parcel; minus~~

~~(B) the area of the parcel that is part of:~~

~~(i) a homestead; or~~

~~(ii) residential property.~~

~~(b) The term does not include agricultural land.~~

SECTION 4. IC 6-1.1-20.6-4, AS AMENDED BY P.L.166-2014, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]: Sec. 4. As used in this chapter, "residential property" refers to real property that consists of any of the following:

(1) A single family dwelling that is not part of a homestead and the land ~~not exceeding one (1) acre,~~ on which the dwelling is located.

(2) Real property that consists of:

(A) a building that includes two (2) or more dwelling units;

(B) any common areas shared by the dwelling units (including any land that is a common area, as described in section 1.2(b)(2) of this chapter); and

(C) the land on which the building is located.

(3) Land rented or leased for the placement of a manufactured home or mobile home, including any common areas shared by the manufactured homes or mobile homes.

(4) For assessment dates after December 31, 2023, any other land, building, or residential yard structure including a deck, patio, gazebo, or pool that:

(A) is not part of a homestead; and

(B) is predominantly used for a residential purpose.

The term includes a single family dwelling that is under construction and the land ~~not exceeding one (1) acre,~~ on which the dwelling will be located. The term does not include real property that consists of a commercial hotel, motel, inn, tourist camp, or tourist cabin.

SECTION 5. [EFFECTIVE JANUARY 1, 2024] **(a) IC 6-1.1-12-17.8, IC 6-1.1-12-37, IC 6-1.1-20.6-2.5, and IC 6-1.1-20.6-4, all as amended by this act, apply to assessment**

dates after December 31, 2023.

(b) This SECTION expires July 1, 2027.".

Delete pages 2 through 10.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 325 as reprinted February 28, 2023.)

THOMPSON

Committee Vote: yeas 21, nays 0.

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 325 be amended to read as follows:

Page 5, delete lines 33 through 39, begin a new line double block indented and insert:

"(C) that:

(i) consists of a dwelling ~~and the real estate, not exceeding~~ **and up to** one (1) acre ~~that immediately surrounds~~ **of land immediately surrounding** that dwelling; **and**

(ii) may include any number of decks, patios, gazebos, or pools, one (1) additional building that is not part of the dwelling and that is predominantly used for a residential purpose, and one (1) additional residential yard structure other than a deck, patio, gazebo, or pool.".

(Reference is to ESB 325 as printed April 6, 2023.)

THOMPSON

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 325 be amended to read as follows:

Page 5, line 37, delete "purpose," and insert "**purpose (but does not include an investment property or rental property),**".

(Reference is to ESB 325 as printed April 6, 2023.)

PRYOR