

HOUSE BILL No. 1135

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-20-9.1; IC 6-8-17; IC 6-8.1-1-1.

Synopsis: Investor ownership of single family residences. Establishes the housing down payment assistance fund. Establishes a transfer tax equal to 50% of the fair market value of a single family residence for each single family residence acquired by an applicable taxpayer after the applicable date. Establishes a maximum number of single family residences that may be owned by an applicable taxpayer after the applicable date for purposes of calculating an annual excise tax on any excess single family residences.

Effective: July 1, 2026.

Harris

January 5, 2026, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1135

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 5-20-9.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]:
4 **Chapter 9.1. Housing Down Payment Assistance Fund**
5 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
6 **housing and community development authority created by**
7 **IC 5-20-1-3.**
8 **Sec. 2. As used in this chapter, "fund" refers to the housing**
9 **down payment assistance fund established by section 3 of this**
10 **chapter.**
11 **Sec. 3. (a) The housing down payment assistance fund is**
12 **established for the purpose of providing down payment assistance**
13 **to buyers purchasing single family residences. The fund shall be**
14 **administered by the authority.**
15 **(b) The fund consists of:**
16 **(1) payments received for taxes imposed under IC 6-8-17-10**
17 **and IC 6-8-17-11;**



(2) payments received for penalties assessed under IC 6-8-17-15; and

(3) any federal funds received for the purpose of providing down payment assistance to buyers purchasing single family residences.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 4. (a) Subject to section 5 of this chapter, the authority shall do the following:

(1) Adopt guidelines to determine standards for awarding down payment assistance under this chapter.

(2) Prepare and supervise the issuance of public information concerning the availability of down payment assistance from the fund.

(3) Prescribe the form for and regulate the submission of applications for down payment assistance available under this chapter.

(b) A buyer may apply for down payment assistance in the manner prescribed by the authority.

Sec. 5. The authority shall give priority in awarding assistance from the fund to families seeking assistance to purchase a single family residence that is sold or transferred by an applicable taxpayer (as defined in IC 6-8-17-4).

Sec. 6. The authority may adopt rules under IC 4-22-2 to implement this chapter.

SECTION 2. IC 6-8-17 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 17. Taxes on Excess Single Family Residential Property Holdings by Certain Entities

Sec. 0.5. The taxes imposed under:

(1) section 10 of this chapter; and

(2) section 11 of this chapter;

are supplemental to and separate from any property taxes imposed under IC 6-1.1 on property that is also subject to a tax imposed under this chapter. The taxes described in subdivisions (1) and (2)



are listed taxes and are subject to the provisions of IC 6-8.1.

Sec. 1. As used in this chapter, "applicable date" means December 31, 2026. However, in the case of a hedge fund taxpayer that was not a hedge fund taxpayer in the preceding taxable year, the term means the last day of the taxable year in the taxable year immediately preceding the taxable year in which the taxpayer qualifies as a hedge fund taxpayer.

Sec. 2. (a) As used in this chapter, "applicable entity" means a partnership, corporation, or real estate investment trust.

(b) The term does not include:

(1) an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; or

(2) an organization primarily engaged in the construction or rehabilitation of single family residences.

Sec. 3. As used in this chapter, "applicable single family residence" means a single family residence that is acquired on or before the applicable date.

Sec. 4. As used in this chapter, "applicable taxpayer" means an applicable entity that:

(1) manages funds pooled from investors; and

(2) is a fiduciary with respect to the investors described in subdivision (1).

Sec. 5. As used in this chapter, "department" means the department of state revenue.

Sec. 6. As used in this chapter, "disqualified sale" means any sale or transfer to:

(1) a corporation or other entity engaged in a trade or business; or

(2) an individual who owns any other single family residence at the time of such sale or transfer.

Sec. 7. As used in this chapter, "hedge fund taxpayer" means, with respect to any taxable year, an applicable taxpayer that has fifty million dollars (\$50,000,000) or more in net value or assets under its management on any day during the taxable year.

Sec. 8. (a) As used in this chapter, "single family residence" means a residential property consisting of one (1) to four (4) dwelling units.

(b) The term does not include:

(1) an unoccupied single family residence acquired through foreclosure;

(2) a single family residence that is:



(A) not rented or leased; and

(B) used as the principal residence of a person who has an ownership interest in the applicable taxpayer; or

(3) a single family residence constructed, acquired, or operated with federally appropriated funding sources.

Sec. 9. (a) For purposes of this chapter, an applicable taxpayer shall be treated as acquiring a single family residence if the applicable taxpayer acquires a majority ownership interest in the single family residence, regardless of the percentage of the ownership interest.

(b) For purposes of this chapter, an applicable taxpayer shall be treated as owning a single family residence if the applicable taxpayer owns a majority interest in the single family residence, regardless of the percentage of the ownership interest.

Sec. 10. Each single family residence acquired by an applicable taxpayer after the applicable date is subject to a transfer tax equal to fifty percent (50%) of the fair market value of the single family residence payable to the department at the time the single family residence is acquired.

Sec. 11. (a) If the number of applicable single family residences owned by an applicable taxpayer as of the last day of the taxable year is more than the maximum permissible units under section 12 of this chapter, the applicable taxpayer is subject to an annual excise tax equal to the amount determined in STEP FOUR of the following formula:

STEP ONE: Determine the number of applicable single family residences owned by the taxpayer as of the last day of the taxable year.

STEP TWO: Determine the sum of:

(A) zero (0), in the case of a hedge fund taxpayer; or

(B) fifty (50), in the case of any other applicable taxpayer; plus the maximum permissible units allowed under section 12 of this chapter for the taxable year.

STEP THREE: Subtract the number determined in STEP TWO from the number determined in STEP ONE.

STEP FOUR: Determine the greater of zero (0) or the product of:

(A) the number determined in STEP THREE; multiplied by

(B) fifty thousand dollars (\$50,000).

(b) A single family residence that is sold or transferred in a disqualified sale during a taxable year shall be treated as a single



1 family residence that is owned by the applicable taxpayer as of the
2 last day of the taxable year.

3 (c) All persons which are treated as a single employer under
4 Section 52(a) or Section 52(b) of the Internal Revenue Code shall
5 be treated as a single applicable taxpayer.

6 (d) The tax imposed under this section is payable to the
7 department.

8 **Sec. 12.** The maximum permissible units for a taxable year is
9 calculated as follows:

10 (1) For the first full taxable year beginning after the
11 applicable date, the following:

12 (A) For a hedge fund taxpayer, ninety percent (90%) of the
13 number of applicable single family residences owned by
14 the hedge fund taxpayer on the applicable date.

15 (B) For any other applicable taxpayer, fifty (50) plus ninety
16 percent (90%) of the number of applicable single family
17 residences owned by the applicable taxpayer on the
18 applicable date.

19 (2) For the second taxable year beginning after the applicable
20 date, the following:

21 (A) For a hedge fund taxpayer, eighty percent (80%) of the
22 number of applicable single family residences owned by
23 the hedge fund taxpayer on the applicable date.

24 (B) For any other applicable taxpayer, fifty (50) plus eighty
25 percent (80%) of the number of applicable single family
26 residences owned by the applicable taxpayer on the
27 applicable date.

28 (3) For the third taxable year beginning after the applicable
29 date, the following:

30 (A) For a hedge fund taxpayer, seventy percent (70%) of
31 the number of applicable single family residences owned
32 by the hedge fund taxpayer on the applicable date.

33 (B) For any other applicable taxpayer, fifty (50) plus
34 seventy percent (70%) of the number of applicable single
35 family residences owned by the applicable taxpayer on the
36 applicable date.

37 (4) For the fourth taxable year beginning after the applicable
38 date, the following:

39 (A) For a hedge fund taxpayer, sixty percent (60%) of the
40 number of applicable single family residences owned by
41 the hedge fund taxpayer on the applicable date.

42 (B) For any other applicable taxpayer, fifty (50) plus sixty



- 1 percent (60%) of the number of applicable single family
 2 residences owned by the applicable taxpayer on the
 3 applicable date.
- 4 **(5) For the fifth taxable year beginning after the applicable**
 5 **date, the following:**
- 6 **(A) For a hedge fund taxpayer, fifty percent (50%) of the**
 7 **number of applicable single family residences owned by**
 8 **the hedge fund taxpayer on the applicable date.**
- 9 **(B) For any other applicable taxpayer, fifty (50) plus fifty**
 10 **percent (50%) of the number of applicable single family**
 11 **residences owned by the applicable taxpayer on the**
 12 **applicable date.**
- 13 **(6) For the sixth taxable year beginning after the applicable**
 14 **date, the following:**
- 15 **(A) For a hedge fund taxpayer, forty percent (40%) of the**
 16 **number of applicable single family residences owned by**
 17 **the hedge fund taxpayer on the applicable date.**
- 18 **(B) For any other applicable taxpayer, fifty (50) plus forty**
 19 **percent (40%) of the number of applicable single family**
 20 **residences owned by the applicable taxpayer on the**
 21 **applicable date.**
- 22 **(7) For the seventh taxable year beginning after the applicable**
 23 **date, the following:**
- 24 **(A) For a hedge fund taxpayer, thirty percent (30%) of the**
 25 **number of applicable single family residences owned by**
 26 **the hedge fund taxpayer on the applicable date.**
- 27 **(B) For any other applicable taxpayer, fifty (50) plus thirty**
 28 **percent (30%) of the number of applicable single family**
 29 **residences owned by the applicable taxpayer on the**
 30 **applicable date.**
- 31 **(8) For the eighth taxable year beginning after the applicable**
 32 **date, the following:**
- 33 **(A) For a hedge fund taxpayer, twenty percent (20%) of**
 34 **the number of applicable single family residences owned**
 35 **by the hedge fund taxpayer on the applicable date.**
- 36 **(B) For any other applicable taxpayer, fifty (50) plus**
 37 **twenty percent (20%) of the number of applicable single**
 38 **family residences owned by the applicable taxpayer on the**
 39 **applicable date.**
- 40 **(9) For the ninth taxable year beginning after the applicable**
 41 **date, the following:**
- 42 **(A) For a hedge fund taxpayer, ten percent (10%) of the**



number of applicable single family residences owned by the hedge fund taxpayer on the applicable date.

(B) For any other applicable taxpayer, fifty (50) plus ten percent (10%) of the number of applicable single family residences owned by the applicable taxpayer on the applicable date.

(10) For a taxable year beginning more than nine (9) years after the applicable date, the following:

(A) For a hedge fund taxpayer, zero (0) applicable single family residences.

(B) For any other applicable taxpayer, fifty (50) applicable single family residences.

Sec. 13. The amounts collected by the department for:

(1) a tax imposed under sections 10 and 11 of this chapter; and

(2) a penalty assessed under section 15 of this chapter; must be deposited into the housing down payment assistance fund established by IC 5-20-9.1-3.

Sec. 14. (a) The department shall require such reporting as the department deems necessary or appropriate to carry out the purposes of this chapter, which must include:

(1) the dates on which single family residences owned by an applicable taxpayer were acquired by the applicable taxpayer; and

(2) whether a person acquiring a single family residence from an applicable taxpayer owns any other single family residences at the time of the acquisition.

(b) The reporting required under subsection (a)(2) must include a certification from each person to whom a single family residence is sold or transferred from an applicable taxpayer. The certification must be signed by the purchaser or transferee and state:

(1) the name and address of the purchaser or transferee;

(2) that the sale is not a disqualified sale; and

(3) that the purchaser or transferee will be subject to the penalty imposed under section 15 of this chapter for any false certification.

Sec. 15. (a) Except as provided in subsection (b), an applicable taxpayer that fails to report the information required under section 14 of this chapter or fails to include correct information in a report, upon the issuance of notice to the applicable taxpayer of the failure to comply with this subsection, the applicable taxpayer is



1 subject to a penalty of twenty thousand dollars (\$20,000) payable
2 to the department.

3 (b) A penalty may not be assessed under subsection (a) if it is
4 shown that an applicable taxpayer's failure to report the
5 information required under section 14 of this chapter is due to
6 reasonable cause and not to willful neglect.

7 (c) Not later than January 31, 2027, the department shall
8 publish a form on its website to be used for calculating the amount
9 of tax owed under this chapter.

10 SECTION 3. IC 6-8.1-1-1, AS AMENDED BY P.L.1-2023,
11 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2026]: Sec. 1. "Listed taxes" or "taxes" includes only the
13 pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the supplemental
14 wagering tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the
15 slot machine wagering tax (IC 4-35-8); the type II gambling game
16 excise tax (IC 4-36-9); the gross income tax (IC 6-2.1) (repealed); the
17 utility receipts and utility services use taxes (IC 6-2.3) (repealed); the
18 state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax
19 (IC 6-3); the pass through entity tax (IC 6-3-2.1); the supplemental net
20 income tax (IC 6-3-8) (repealed); the county adjusted gross income tax
21 (IC 6-3.5-1.1) (repealed); the county option income tax (IC 6-3.5-6)
22 (repealed); the county economic development income tax (IC 6-3.5-7)
23 (repealed); the local income tax (IC 6-3.6); the auto rental excise tax
24 (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC
25 6-6-1.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC
26 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under
27 IC 6-8.1-3; the vehicle excise tax (IC 6-6-5); the aviation fuel excise
28 tax (IC 6-6-13); the commercial vehicle excise tax (IC 6-6-5.5); the
29 excise tax imposed on recreational vehicles and truck campers (IC
30 6-6-5.1); the hazardous waste disposal tax (IC 6-6-6.6) (repealed); the
31 heavy equipment rental excise tax (IC 6-6-15); the vehicle sharing
32 excise tax (IC 6-6-16); the cigarette tax (IC 6-7-1); the closed system
33 cartridge tax (IC 6-7-2-7.5); the electronic cigarette tax (IC 6-7-4); the
34 beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine
35 excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the
36 petroleum severance tax (IC 6-8-1); **the taxes imposed on excess**
37 **single family residential property holdings (IC 6-8-17);** the various
38 innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC
39 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil
40 inspection fee (IC 16-44-2); the penalties assessed for oversize vehicles
41 (IC 9-20-3 and IC 9-20-18); the fees and penalties assessed for
42 overweight vehicles (IC 9-20-4 and IC 9-20-18); and any other tax or



1 fee that the department is required to collect or administer.

