

# HOUSE BILL No. 1010

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1; IC 6-3-2-4.

**Synopsis:** Property tax and income tax deductions. Makes changes to the property tax deductions for those over 65 years of age and for disabled veterans. Increases the income tax deduction for income from military retirement or survivor's benefits beginning in 2019.

**Effective:** January 1, 2019 (retroactive); July 1, 2019.

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## Cherry, Cook, Gutwein

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January 7, 2019, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

# HOUSE BILL No. 1010

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 6-1.1-12-9, AS AMENDED BY P.L.113-2010,  
2 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2019]: Sec. 9. (a) An individual may obtain a deduction from  
4 the assessed value of the individual's real property, or mobile home or  
5 manufactured home which is not assessed as real property, if:  
6 (1) the individual is at least sixty-five (65) years of age on or  
7 before December 31 of the calendar year preceding the year in  
8 which the deduction is claimed;  
9 (2) **for assessment dates before January 1, 2020**, the combined  
10 adjusted gross income (as defined in Section 62 of the Internal  
11 Revenue Code) of:  
12 (A) the individual and the individual's spouse; or  
13 (B) the individual and all other individuals with whom:  
14 (i) the individual shares ownership; or  
15 (ii) the individual is purchasing the property under a  
16 contract;  
17 as joint tenants or tenants in common;



1 for the calendar year preceding the year in which the deduction is  
 2 claimed did not exceed twenty-five thousand dollars (\$25,000);

3 **(3) for assessment dates after December 31, 2019:**

4 **(A) the individual had, in the case of an individual who**  
 5 **filed a single return, adjusted gross income (as defined in**  
 6 **Section 62 of the Internal Revenue Code) not exceeding**  
 7 **thirty thousand dollars (\$30,000);**

8 **(B) the individual had, in the case of an individual who**  
 9 **filed a joint income tax return with the individual's spouse,**  
 10 **combined adjusted gross income (as defined in Section 62**  
 11 **of the Internal Revenue Code) not exceeding forty**  
 12 **thousand dollars (\$40,000); or**

13 **(C) the combined adjusted gross income (as defined in**  
 14 **Section 62 of the Internal Revenue Code) of the individual**  
 15 **and all other individuals with whom:**

16 **(i) the individual shares ownership; or**

17 **(ii) the individual is purchasing the property under a**  
 18 **contract;**

19 **as joint tenants or tenants in common did not exceed (forty**  
 20 **thousand dollars (\$40,000);**

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

23 **(3) (4) the individual has owned the real property, mobile home,**  
 24 **or manufactured home for at least one (1) year before claiming**  
 25 **the deduction; or the individual has been buying the real property,**  
 26 **mobile home, or manufactured home under a contract that**  
 27 **provides that the individual is to pay the property taxes on the real**  
 28 **property, mobile home, or manufactured home for at least one (1)**  
 29 **year before claiming the deduction, and the contract or a**  
 30 **memorandum of the contract is recorded in the county recorder's**  
 31 **office;**

32 **(4) (5) for assessment dates:**

33 **(A) before January 1, 2020, the individual and any**  
 34 **individuals covered by subdivision (2)(B) reside on the real**  
 35 **property, mobile home, or manufactured home; or**

36 **(B) after December 31, 2019, the individual and any**  
 37 **individuals covered by subdivision (3)(C) reside on the real**  
 38 **property, mobile home, or manufactured home;**

39 **(5) (6) except as provided in subsection (i), the assessed value**  
 40 **of the real property, mobile home, or manufactured home does not**  
 41 **exceed one hundred eighty-two thousand four hundred thirty**  
 42 **dollars (\$182,430); two hundred thousand dollars (\$200,000);**



- 1           ~~(6)~~ (7) the individual receives no other property tax deduction for  
 2           the year in which the deduction is claimed, except the deductions  
 3           provided by sections 1, 37 (for assessment dates after February  
 4           28, 2008), 37.5, and 38 of this chapter; and  
 5           ~~(7)~~ (8) the person:  
 6                 (A) owns the real property, mobile home, or manufactured  
 7                 home; or  
 8                 (B) is buying the real property, mobile home, or manufactured  
 9                 home under contract;  
 10           on the date the statement required by section 10.1 of this chapter  
 11           is filed.  
 12           (b) Except as provided in subsection (h), in the case of real property,  
 13           an individual's deduction under this section equals the lesser of:  
 14                 (1) one-half (1/2) of the assessed value of the real property; or  
 15                 (2) ~~twelve thousand four hundred eighty dollars (\$12,480);~~  
 16                 **fourteen thousand dollars (\$14,000).**  
 17           (c) Except as provided in subsection (h) and section 40.5 of this  
 18           chapter, in the case of a mobile home that is not assessed as real  
 19           property or a manufactured home which is not assessed as real  
 20           property, an individual's deduction under this section equals the lesser  
 21           of:  
 22                 (1) one-half (1/2) of the assessed value of the mobile home or  
 23                 manufactured home; or  
 24                 (2) ~~twelve thousand four hundred eighty dollars (\$12,480);~~  
 25                 **fourteen thousand dollars (\$14,000).**  
 26           (d) An individual may not be denied the deduction provided under  
 27           this section because the individual is absent from the real property,  
 28           mobile home, or manufactured home while in a nursing home or  
 29           hospital.  
 30           (e) For purposes of this section, if real property, a mobile home, or  
 31           a manufactured home is owned by:  
 32                 (1) tenants by the entirety;  
 33                 (2) joint tenants; or  
 34                 (3) tenants in common;  
 35           only one (1) deduction may be allowed. However, the age requirement  
 36           is satisfied if any one (1) of the tenants is at least sixty-five (65) years  
 37           of age.  
 38           (f) A surviving spouse is entitled to the deduction provided by this  
 39           section if:  
 40                 (1) the surviving spouse is at least sixty (60) years of age on or  
 41                 before December 31 of the calendar year preceding the year in  
 42                 which the deduction is claimed;



- 1 (2) the surviving spouse's deceased husband or wife was at least  
 2 sixty-five (65) years of age at the time of a death;  
 3 (3) the surviving spouse has not remarried; and  
 4 (4) the surviving spouse satisfies the requirements prescribed in  
 5 subsection (a)(2) through ~~(a)(7)~~: **(a)(8)**.

6 (g) An individual who has sold real property to another person  
 7 under a contract that provides that the contract buyer is to pay the  
 8 property taxes on the real property may not claim the deduction  
 9 provided under this section against that real property.

10 (h) In the case of tenants covered by subsection (a)(2)(B) **or**  
 11 **(a)(3)(C)**, if all of the tenants are not at least sixty-five (65) years of  
 12 age, the deduction allowed under this section shall be reduced by an  
 13 amount equal to the deduction multiplied by a fraction. The numerator  
 14 of the fraction is the number of tenants who are not at least sixty-five  
 15 (65) years of age, and the denominator is the total number of tenants.

16 **(i) For purposes of determining the assessed value of the real**  
 17 **property, mobile home, or manufactured home under subsection**  
 18 **(a)(6) for an individual who has received a deduction under this**  
 19 **section in a particular year, increases in assessed value due solely**  
 20 **to an annual adjustment of the assessed value under IC 6-1.1-4-4.5**  
 21 **that occur after the later of:**

22 **(1) December 31, 2019; or**

23 **(2) the first year that the individual has received the**  
 24 **deduction;**

25 **are not considered.**

26 SECTION 2. IC 6-1.1-12-14, AS AMENDED BY P.L.100-2016,  
 27 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JULY 1, 2019]: Sec. 14. (a) Except as provided in subsection (c) and  
 29 except as provided in section 40.5 of this chapter, an individual may  
 30 have the sum of ~~twelve thousand four hundred eighty dollars (\$12,480)~~  
 31 **fourteen thousand dollars (\$14,000)** deducted from the assessed  
 32 value of the ~~tangible~~ **real property, mobile home not assessed as real**  
 33 **property, or manufactured home not assessed as real property**, that  
 34 the individual owns (or the real property, mobile home not assessed as  
 35 real property, or manufactured home not assessed as real property that  
 36 the individual is buying under a contract that provides that the  
 37 individual is to pay property taxes on the real property, mobile home,  
 38 or manufactured home if the contract or a memorandum of the contract  
 39 is recorded in the county recorder's office) if:

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

42 (2) the individual received an honorable discharge;



- 1 (3) the individual either:  
 2 (A) has a total disability; or  
 3 (B) is at least sixty-two (62) years old and has a disability of at  
 4 least ten percent (10%);  
 5 (4) the individual's disability is evidenced by:  
 6 (A) a pension certificate or an award of compensation issued  
 7 by the United States Department of Veterans Affairs; or  
 8 (B) a certificate of eligibility issued to the individual by the  
 9 Indiana department of veterans' affairs after the Indiana  
 10 department of veterans' affairs has determined that the  
 11 individual's disability qualifies the individual to receive a  
 12 deduction under this section; and  
 13 (5) the individual:  
 14 (A) owns the real property, mobile home, or manufactured  
 15 home; or  
 16 (B) is buying the real property, mobile home, or manufactured  
 17 home under contract;  
 18 on the date the statement required by section 15 of this chapter is  
 19 filed.  
 20 (b) Except as provided in subsections (c) and (d), the surviving  
 21 spouse of an individual may receive the deduction provided by this  
 22 section if: ~~the individual:~~  
 23 **(1) the individual** satisfied the requirements of subsection (a)(1)  
 24 through (a)(4) at the time of death; **or**  
 25 **(2) the individual:**  
 26 **(A) was killed in action;**  
 27 **(B) died while serving on active duty in the military or**  
 28 **naval forces of the United States; or**  
 29 **(C) died while performing inactive duty training in the**  
 30 **military or naval forces of the United States; and**  
 31 the surviving spouse satisfies the requirement of subsection (a)(5) at  
 32 the time the deduction statement is filed. The surviving spouse is  
 33 entitled to the deduction regardless of whether the property for which  
 34 the deduction is claimed was owned by the deceased veteran or the  
 35 surviving spouse before the deceased veteran's death.  
 36 (c) **Except as provided in subsection (f)**, no one is entitled to the  
 37 deduction provided by this section if the assessed value of the  
 38 individual's Indiana real property, Indiana mobile home not assessed as  
 39 real property, and Indiana manufactured home not assessed as real  
 40 property, as shown by the tax duplicate, exceeds the assessed value  
 41 limit specified in subsection (d).  
 42 (d) **Except as provided in subsection (f)**, for the:



1           **(1) January 1, 2017, January 1, 2018, and January 1, 2019,**  
 2           ~~assessment date and for each assessment date thereafter, dates,~~  
 3           the assessed value limit for purposes of subsection (c) is one  
 4           hundred seventy-five thousand dollars (\$175,000); **and**  
 5           **(2) January 1, 2020, assessment date and for each assessment**  
 6           **date thereafter, the assessed value limit for purposes of**  
 7           **subsection (c) is two hundred thousand dollars (\$200,000).**

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

15          **(f) For purposes of determining the assessed value of the real**  
 16          **property, mobile home, or manufactured home under subsection**  
 17          **(d) for an individual who has received a deduction under this**  
 18          **section in a particular year, increases in assessed value due solely**  
 19          **to an annual adjustment of the assessed value under IC 6-1.1-4-4.5**  
 20          **that occur after the later of:**

21                 **(1) December 31, 2019; or**

22                 **(2) the first year that the individual has received the**  
 23                 **deduction;**

24          **are not considered.**

25          SECTION 3. IC 6-1.1-12-15, AS AMENDED BY P.L.183-2014,  
 26          SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27          JULY 1, 2019]: Sec. 15. (a) Except as provided in section 17.8 of this  
 28          chapter and subject to section 45 of this chapter, an individual who  
 29          desires to claim the deduction provided by section 13 or 14 of this  
 30          chapter must file a statement with the auditor of the county in which  
 31          the individual resides. With respect to real property, the statement must  
 32          be completed and dated in the calendar year for which the individual  
 33          wishes to obtain the deduction and filed with the county auditor on or  
 34          before January 5 of the immediately succeeding calendar year. With  
 35          respect to a mobile home that is not assessed as real property or a  
 36          manufactured home that is not assessed as real property, the statement  
 37          must be filed during the twelve (12) months before March 31 of each  
 38          year for which the individual wishes to obtain the deduction. The  
 39          statement may be filed in person or by mail. If mailed, the mailing must  
 40          be postmarked on or before the last day for filing. The statement shall  
 41          contain a sworn declaration that the individual is entitled to the  
 42          deduction.



1 (b) In addition to the statement, the individual shall submit to the  
2 county auditor for the auditor's inspection:

3 (1) a pension certificate, an award of compensation, or a disability  
4 compensation check issued by the United States Department of  
5 Veterans Affairs if the individual claims the deduction provided  
6 by section 13 of this chapter;

7 (2) a pension certificate or an award of compensation issued by  
8 the United States Department of Veterans Affairs if the individual  
9 claims the deduction provided by section 14 of this chapter; or

10 (3) the appropriate certificate of eligibility issued to the individual  
11 by the Indiana department of veterans' affairs if the individual  
12 claims the deduction provided by section 13 or 14 of this chapter.

13 (c) If the individual claiming the deduction is under guardianship,  
14 the guardian shall file the statement required by this section. If a  
15 deceased veteran's surviving spouse is claiming the deduction, the  
16 surviving spouse shall provide the documentation necessary to  
17 establish that at the time of death the deceased veteran satisfied the  
18 requirements of section 13(a)(1) through 13(a)(4) of this chapter, ~~or~~  
19 section 14(a)(1) through 14(a)(4) of this chapter, **or section 14(b)(2)**  
20 **of this chapter**, whichever applies.

21 (d) If the individual claiming a deduction under section 13 or 14 of  
22 this chapter is buying real property, a mobile home not assessed as real  
23 property, or a manufactured home not assessed as real property under  
24 a contract that provides that the individual is to pay property taxes for  
25 the real estate, mobile home, or manufactured home, the statement  
26 required by this section must contain the record number and page  
27 where the contract or memorandum of the contract is recorded.

28 SECTION 4. IC 6-1.1-20.6-8.5, AS AMENDED BY P.L. 113-2010,  
29 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
30 JULY 1, 2019]: Sec. 8.5. (a) This section applies to an individual who:

31 (1) qualified for a standard deduction granted under  
32 IC 6-1.1-12-37 for the individual's homestead property in the  
33 immediately preceding calendar year (or was married at the time  
34 of death to a deceased spouse who qualified for a standard  
35 deduction granted under IC 6-1.1-12-37 for the individual's  
36 homestead property in the immediately preceding calendar year);

37 (2) qualifies for a standard deduction granted under  
38 IC 6-1.1-12-37 for the same homestead property in the current  
39 calendar year;

40 (3) is or will be at least sixty-five (65) years of age on or before  
41 December 31 of the calendar year immediately preceding the  
42 current calendar year; and





- 1 (4) had:
- 2 (A) in the case of an individual who filed a single return,
- 3 adjusted gross income (as defined in Section 62 of the Internal
- 4 Revenue Code) not exceeding thirty thousand dollars
- 5 (\$30,000); or
- 6 (B) in the case of an individual who filed a joint income tax
- 7 return with the individual's spouse, combined adjusted gross
- 8 income (as defined in Section 62 of the Internal Revenue
- 9 Code) not exceeding forty thousand dollars (\$40,000);
- 10 for the calendar year preceding by two (2) years the calendar year
- 11 in which property taxes are first due and payable.
- 12 (b) **Except as provided in subsection (g)**, this section does not
- 13 apply if:
- 14 **(1) for an individual who received a credit under this section**
- 15 **before January 1, 2020**, the gross assessed value of the
- 16 homestead on the assessment date for which property taxes are
- 17 imposed is at least ~~one hundred sixty thousand dollars (\$160,000)~~
- 18 **two hundred thousand dollars (\$200,000); or**
- 19 **(2) for an individual who initially applies for a credit under**
- 20 **this section after December 31, 2019, the assessed value of the**
- 21 **individual's Indiana real property is at least two hundred**
- 22 **thousand dollars (\$200,000).**
- 23 (c) An individual is entitled to an additional credit under this section
- 24 for property taxes first due and payable for a calendar year on a
- 25 homestead if:
- 26 (1) the individual and the homestead qualify for the credit under
- 27 subsection (a) for the calendar year;
- 28 (2) the homestead is not disqualified for the credit under
- 29 subsection (b) for the calendar year; and
- 30 (3) the filing requirements under subsection (e) are met.
- 31 (d) The amount of the credit is equal to the greater of zero (0) or the
- 32 result of:
- 33 (1) the property tax liability first due and payable on the
- 34 homestead property for the calendar year; minus
- 35 (2) the result of:
- 36 (A) the property tax liability first due and payable on the
- 37 qualified homestead property for the immediately preceding
- 38 year after the application of the credit granted under this
- 39 section for that year; multiplied by
- 40 (B) one and two hundredths (1.02).
- 41 However, property tax liability imposed on any improvements to or
- 42 expansion of the homestead property after the assessment date for



1 which property tax liability described in subdivision (2) was imposed  
 2 shall not be considered in determining the credit granted under this  
 3 section in the current calendar year.

4 (e) Applications for a credit under this section shall be filed in the  
 5 manner provided for an application for a deduction under  
 6 IC 6-1.1-12-9. However, an individual who remains eligible for the  
 7 credit in the following year is not required to file a statement to apply  
 8 for the credit in the following year. An individual who receives a credit  
 9 under this section in a particular year and who becomes ineligible for  
 10 the credit in the following year shall notify the auditor of the county in  
 11 which the homestead is located of the individual's ineligibility not later  
 12 than sixty (60) days after the individual becomes ineligible.

13 (f) The auditor of each county shall, in a particular year, apply a  
 14 credit provided under this section to each individual who received the  
 15 credit in the preceding year unless the auditor determines that the  
 16 individual is no longer eligible for the credit.

17 **(g) For purposes of determining the:**

18 **(1) assessed value of the homestead on the assessment date for**  
 19 **which property taxes are imposed under subsection (b)(1); or**

20 **(2) assessed value of the individual's Indiana real property**  
 21 **under subsection (b)(2);**

22 **for an individual who has received a credit under this section in a**  
 23 **particular year, increases in assessed value due solely to an annual**  
 24 **adjustment of the assessed value under IC 6-1.1-4-4.5 that occur**  
 25 **after the later of December 31, 2019, or the first year that the**  
 26 **individual has received the credit are not considered.**

27 SECTION 5. IC 6-3-2-4, AS AMENDED BY P.L.214-2018(ss),  
 28 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JANUARY 1, 2019 (RETROACTIVE)]: Sec. 4. (a) Each taxable year,  
 30 an individual, or the individual's surviving spouse, is entitled to the  
 31 following:

32 (1) An adjusted gross income tax deduction for the first five  
 33 thousand dollars (\$5,000) of income, excluding adjusted gross  
 34 income described in subdivision (2), received during the taxable  
 35 year by the individual, or the individual's surviving spouse, for the  
 36 individual's service in an active or reserve component of the  
 37 armed forces of the United States, including the army, navy, air  
 38 force, coast guard, marine corps, merchant marine, Indiana army  
 39 national guard, or Indiana air national guard.

40 (2) An adjusted gross income tax deduction of ~~six thousand two~~  
 41 ~~hundred fifty dollars~~ (\$6,250) for income from retirement or  
 42 survivor's benefits received during the taxable year by the



1 individual, or the individual's surviving spouse, for the  
 2 individual's service in an active or reserve component of the  
 3 armed forces of the United States, including the army, navy, air  
 4 force, coast guard, marine corps, merchant marine, Indiana army  
 5 national guard, or Indiana air national guard. **The amount of the  
 6 deduction is the lesser of:**

7 **(A) the benefits included in the adjusted gross income of**  
 8 **the individual or the individual's surviving spouse; or**

9 **(B) six thousand two hundred fifty dollars (\$6,250) plus the**  
 10 **following:**

11 **(i) For taxable years beginning in 2019, twenty-five**  
 12 **percent (25%) of the amount of the benefits in excess of**  
 13 **six thousand two hundred fifty dollars (\$6,250).**

14 **(ii) For taxable years beginning in 2020, fifty percent**  
 15 **(50%) of the amount of the benefits in excess of six**  
 16 **thousand two hundred fifty dollars (\$6,250).**

17 **(iii) For taxable years beginning in 2021, seventy-five**  
 18 **percent (75%) of the amount of the benefits in excess of**  
 19 **six thousand two hundred fifty dollars (\$6,250).**

20 **(iv) For taxable years beginning after 2021, one hundred**  
 21 **percent (100%) of the amount of the benefits in excess of**  
 22 **six thousand two hundred fifty dollars (\$6,250).**

23 (b) An individual whose qualified military income is subtracted  
 24 from the individual's federal adjusted gross income under  
 25 IC 6-3-1-3.5(a)(18) for Indiana individual income tax purposes is not,  
 26 for that taxable year, entitled to a deduction under this section for the  
 27 same qualified military income that is deducted under  
 28 IC 6-3-1-3.5(a)(18).

29 SECTION 6. [EFFECTIVE JULY 1, 2019] (a) IC 6-1.1-12-9,  
 30 IC 6-1.1-12-14, IC 6-1.1-12-15, and IC 6-1.1-20.6-8.5, all as  
 31 amended by this act, apply to assessment dates after December 31,  
 32 2019.

33 (b) This SECTION expires June 30, 2022.

34 SECTION 7. [EFFECTIVE JANUARY 1, 2019 (RETROACTIVE)]  
 35 (a) IC 6-3-2-4, as amended by this act, applies to taxable years  
 36 beginning after December 31, 2018.

37 (b) This SECTION expires June 30, 2022.

38 SECTION 8. An emergency is declared for this act.

