



Reprinted
February 4, 2020

SENATE BILL No. 401

DIGEST OF SB 401 (Updated February 3, 2020 7:51 pm - DI 120)

Citations Affected: IC 6-1.1.

Synopsis: Deduction for rehabilitation of residential property. Reinstates a property tax deduction for the rehabilitation of residential property that occurs after December 31, 2020. (Current law limits this deduction to residential rehabilitation occurring before January 2, 2017.) Provides that after December 31, 2020, the deduction applies only to homesteads. Increases the maximum assessed value of the improvements for purposes of the deduction. Amends the definition of "rehabilitation". Removes the scheduled expiration of the deduction. Makes conforming changes.

Effective: July 1, 2020.

Buchanan, Zay, Randolph Lonnie M

January 14, 2020, read first time and referred to Committee on Tax and Fiscal Policy.
January 30, 2020, amended, reported favorably — Do Pass.
February 3, 2020, read second time, amended, ordered engrossed.

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Reprinted
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Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

SENATE BILL No. 401

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 6-1.1-12-18, AS AMENDED BY P.L.181-2016,
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]: Sec. 18. (a) This section applies only to rehabilitation
4 of residential real property that occurs before January 2, 2017, **or after**
5 **December 31, 2020**.
6 (b) If the assessed value of residential real property described in
7 subsection (e) is increased because it has been rehabilitated, the owner
8 may have deducted from the assessed value of the property an amount
9 not to exceed the lesser of:
10 (1) the total increase in assessed value resulting from the
11 rehabilitation (excluding an increase in assessed value that occurs
12 after January 1, 2017, **or before January 1, 2021**); or
13 (2) eighteen thousand seven hundred twenty dollars (\$18,720) per
14 rehabilitated dwelling unit.
15 The owner is entitled to this deduction annually for a five (5) year
16 period, or if subsection ~~(f)~~ **(g)** applies, the period established under
17 subsection ~~(f)~~ **(g)**.

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1 (c) For purposes of this section, the term "rehabilitation" means
 2 ~~significant~~ repairs, replacements, or improvements to an existing
 3 structure which are intended to increase the livability, utility, safety, or
 4 value of the property under rules adopted by the department of local
 5 government finance.

6 (d) For the purposes of this section, the term "owner" or "property
 7 owner" includes any person who has the legal obligation, or has
 8 otherwise assumed the obligation, to pay the real property taxes on the
 9 rehabilitated property.

10 (e) The deduction provided by this section **before January 2, 2017,**
 11 **applies only:**

12 (1) for the rehabilitation of residential real property which is
 13 located within this state and which is described in one (1) of the
 14 following classifications:

15 (A) A single family dwelling if before rehabilitation the
 16 assessed value (excluding any exemptions or deductions) of
 17 the improvements does not exceed thirty-seven thousand four
 18 hundred forty dollars (\$37,440).

19 (B) A two (2) family dwelling if before rehabilitation the
 20 assessed value (excluding exemptions or deductions) of the
 21 improvements does not exceed forty-nine thousand nine
 22 hundred twenty dollars (\$49,920).

23 (C) A dwelling with more than two (2) family units if before
 24 rehabilitation the assessed value (excluding any exemptions or
 25 deductions) of the improvements does not exceed eighteen
 26 thousand seven hundred twenty dollars (\$18,720) per dwelling
 27 unit; and

28 (2) if the property owner:

29 (A) owns the residential real property; or

30 (B) is buying the residential real property under contract;

31 on the assessment date of the year in which an application must
 32 be filed under section 20 of this chapter.

33 **(f) The deduction provided by this section after December 31,**
 34 **2020, applies only:**

35 **(1) for the rehabilitation of residential real property that is a**
 36 **single family dwelling unit for which the owner has been**
 37 **granted a homestead deduction under IC 6-1.1-12-37, if**
 38 **before rehabilitation the assessed value (excluding any**
 39 **exemptions or deductions) of the improvements does not**
 40 **exceed sixty-two thousand five hundred twenty-five dollars**
 41 **(\$62,525); and**

42 **(2) if the property owner:**



1 **(A) owns the residential real property described in**
 2 **subdivision (1); or**
 3 **(B) is buying the residential real property described in**
 4 **subdivision (1) under contract;**
 5 **on the assessment date of the year in which an application**
 6 **must be filed under section 20 of this chapter.**

7 ~~(f)~~ **(g)** A county, city, or town fiscal body may adopt an ordinance
 8 to establish a deduction period that is longer than five (5) years but not
 9 to exceed fifteen (15) years for any rehabilitated property covered by
 10 this section that has also been determined to be abandoned or vacant
 11 for purposes of IC 6-1.1-24.

12 ~~(g)~~ **(g)** This section expires January 1, 2033.

13 SECTION 2. IC 6-1.1-12-19, AS AMENDED BY P.L.86-2018,
 14 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2020]: Sec. 19. ~~(a)~~ The deduction from assessed value
 16 provided by section 18 of this chapter ~~(before its expiration)~~ is first
 17 available in the year in which the increase in assessed value resulting
 18 from the rehabilitation occurs and shall continue for the following four
 19 (4) years. In the sixth (6th) year, the county auditor shall add the
 20 amount of the deduction to the assessed value of the real property. A
 21 reassessment under a county's reassessment plan prepared under
 22 IC 6-1.1-4-4.2 which occurs within the five (5) year period of the
 23 deduction does not affect the amount of the deduction.

24 ~~(b)~~ **(b)** This section expires January 1, 2023.

25 SECTION 3. IC 6-1.1-12-20, AS AMENDED BY P.L.181-2016,
 26 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2020]: Sec. 20. (a) A property owner who desires to obtain the
 28 deduction provided by section 18 of this chapter ~~(before its expiration)~~
 29 must file a certified deduction application, on forms prescribed by the
 30 department of local government finance, with the auditor of the county
 31 in which the rehabilitated property is located. The application may be
 32 filed in person or by mail. If mailed, the mailing must be postmarked
 33 on or before the last day for filing. Except as provided in subsection (b)
 34 and subject to section 45 of this chapter, the application must be filed
 35 in the year in which the addition to assessed value is made.

36 (b) If notice of the addition to assessed value for any year is not
 37 given to the property owner before December 1 of that year, the
 38 application required by this section may be filed not later than thirty
 39 (30) days after the date such a notice is mailed to the property owner
 40 at the address shown on the records of the township or county assessor.

41 (c) The application required by this section shall contain the
 42 following information:



- 1 (1) A description of the property for which a deduction is claimed
 2 in sufficient detail to afford identification.
 3 (2) Statements of the ownership of the property.
 4 (3) The assessed value of the improvements on the property
 5 before rehabilitation.
 6 (4) The number of dwelling units on the property.
 7 (5) The number of dwelling units rehabilitated.
 8 (6) The increase in assessed value resulting from the
 9 rehabilitation.
 10 (7) The amount of deduction claimed.
- 11 (d) A deduction application filed under this section is applicable for
 12 the year in which the increase in assessed value occurs and for the
 13 immediately following four (4) years without any additional application
 14 being filed.
- 15 (e) On verification of an application by the assessor of the township
 16 in which the property is located, or the county assessor if there is no
 17 township assessor for the township, the county auditor shall make the
 18 deduction.
- 19 ~~(f) This section expires January 1, 2023.~~
- 20 SECTION 4. IC 6-1.1-12-25, AS AMENDED BY P.L.181-2016,
 21 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2020]: Sec. 25. ~~(a)~~ For repairs or improvements made to a
 23 particular building or structure, a person may receive either the
 24 deduction provided by section 18 of this chapter ~~(before its expiration)~~
 25 or the deduction provided by section 22 of this chapter (before its
 26 expiration). A person may not receive deductions under both sections
 27 for the repairs or improvements.
- 28 ~~(b) This section expires January 1, 2025.~~
- 29 SECTION 5. IC 6-1.1-12-46, AS AMENDED BY P.L.181-2016,
 30 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2020]: Sec. 46. (a) This section applies to real property for an
 32 assessment date in 2011 or a later year if:
 33 (1) the real property is not exempt from property taxation for the
 34 assessment date;
 35 (2) title to the real property is transferred after the assessment date
 36 and on or before the December 31 that next succeeds the
 37 assessment date;
 38 (3) the transferee of the real property applies for an exemption
 39 under IC 6-1.1-11 for the next succeeding assessment date; and
 40 (4) the county property tax assessment board of appeals
 41 determines that the real property is exempt from property taxation
 42 for that next succeeding assessment date.



1 (b) For the assessment date referred to in subsection (a)(1), real
 2 property is eligible for any deductions for which the transferor under
 3 subsection (a)(2) was eligible for that assessment date under the
 4 following:

- 5 (1) IC 6-1.1-12-1.
- 6 (2) IC 6-1.1-12-9.
- 7 (3) IC 6-1.1-12-11.
- 8 (4) IC 6-1.1-12-13.
- 9 (5) IC 6-1.1-12-14.
- 10 (6) IC 6-1.1-12-16.
- 11 (7) IC 6-1.1-12-17.4 (before its expiration).
- 12 (8) IC 6-1.1-12-18. ~~(before its expiration).~~
- 13 (9) IC 6-1.1-12-22 (before its expiration).
- 14 (10) IC 6-1.1-12-37.
- 15 (11) IC 6-1.1-12-37.5.

16 (c) For the payment date applicable to the assessment date referred
 17 to in subsection (a)(1), real property is eligible for the credit for
 18 excessive residential property taxes under IC 6-1.1-20.6 for which the
 19 transferor under subsection (a)(2) would be eligible for that payment
 20 date if the transfer had not occurred.

21 SECTION 6. IC 6-1.1-12.1-6, AS AMENDED BY P.L.181-2016,
 22 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2020]: Sec. 6. (a) A property owner may not receive a
 24 deduction under this chapter for repairs or improvements to real
 25 property if the property owner receives a deduction under either
 26 IC 6-1.1-12-18 ~~(before its expiration)~~ or IC 6-1.1-12-22 (before its
 27 expiration) for those same repairs or improvements. ~~This subsection~~
 28 ~~expires January 1, 2033.~~

29 (b) A property owner may not receive a deduction under this chapter
 30 if the property owner receives a deduction under IC 6-1.1-12-28.5 for
 31 the same property.

32 SECTION 7. IC 6-1.1-42-22, AS AMENDED BY P.L.181-2016,
 33 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2020]: Sec. 22. (a) The designating body shall determine
 35 whether to approve a deduction.

36 (b) A designating body may not grant a deduction for a facility
 37 described in IC 6-1.1-12.1-3(e).

38 (c) A property owner may not receive a deduction under this chapter
 39 for repairs or improvements to real property if the owner receives a
 40 deduction under either IC 6-1.1-12.1, IC 6-1.1-12-18, ~~(before its~~
 41 ~~expiration)~~, IC 6-1.1-12-22 (before its expiration), or IC 6-1.1-12-28.5
 42 for the same property.



1 (d) A designating body may approve a deduction only if the
2 following findings are made in the affirmative:

3 (1) The applicant:

4 (A) has never had an ownership interest in an entity that
5 contributed; and

6 (B) has not contributed;

7 a contaminant (as defined in IC 13-11-2-42) that is the subject of
8 the voluntary remediation, as determined under the written
9 standards adopted by the department of environmental
10 management.

11 (2) The proposed improvement or property will be located in a
12 zone.

13 (3) The estimate of the value of the remediation and
14 redevelopment is reasonable for projects of that nature.

15 (4) The estimate of the number of individuals who will be
16 employed or whose employment will be retained can be
17 reasonably expected to result from the proposed described
18 remediation and redevelopment.

19 (5) The estimate of the annual salaries of those individuals who
20 will be employed or whose employment will be retained can be
21 reasonably expected to result from the proposed described
22 remediation and redevelopment.

23 (6) Any other benefits about which information was requested are
24 benefits that can be reasonably expected to result from the
25 proposed described remediation and redevelopment.

26 (7) The totality of benefits is sufficient to justify the deduction.



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 401, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 16, strike "thirty-seven thousand four".

Page 2, line 17, strike "hundred forty dollars (\$37,440)." and insert "**sixty-two thousand five hundred twenty-five dollars (\$62,525)**".

Page 2, line 20, strike "forty-nine thousand nine".

Page 2, line 21, strike "hundred twenty dollars (\$49,920)." and insert "**eighty-three thousand four hundred thirteen dollars (\$83,413)**".

Page 2, line 24, strike "eighteen".

Page 2, line 25, strike "thousand seven hundred twenty dollars (\$18,720)" and insert "**thirty-one thousand two hundred sixty-two dollars (\$31,262) per dwelling**".

and when so amended that said bill do pass.

(Reference is to SB 401 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 13, Nays 0.

 SENATE MOTION

Madam President: I move that Senate Bill 401 be amended to read as follows:

Page 1, line 16, strike "(f)" and insert "(g)".

Page 1, line 17, strike "(f)." and insert "(g)".

Page 2, delete lines 10 through 34, begin a new paragraph and insert:

"(e) The deduction provided by this section **before January 2, 2017**, applies only:

(1) for the rehabilitation of residential real property which is located within this state and which is described in one (1) of the following classifications:

(A) A single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed thirty-seven thousand four

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hundred forty dollars (\$37,440).

(B) A two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed forty-nine thousand nine hundred twenty dollars (\$49,920).

(C) A dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand seven hundred twenty dollars (\$18,720) per dwelling unit; and

(2) if the property owner:

(A) owns the residential real property; or

(B) is buying the residential real property under contract;

on the assessment date of the year in which an application must be filed under section 20 of this chapter.

(f) The deduction provided by this section after December 31, 2020, applies only:

(1) for the rehabilitation of residential real property that is a single family dwelling unit for WHICH the owner has been granted a homestead deduction under IC 6-1.1-12-37, if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed sixty-two thousand five hundred twenty-five dollars (\$62,525); and

(2) if the property owner:

(A) owns the residential real property described in subdivision (1); or

(B) is buying the residential real property described in subdivision (1) under contract;

on the assessment date of the year in which an application must be filed under section 20 of this chapter."

Page 2, line 35, strike "(f)" and insert "(g)".

Page 4, delete lines 6 through 42.

Delete page 5.

Page 6, delete lines 1 through 9.

Page 6, line 15, delete "chapter." and insert "chapter".

Page 6, line 15, reset in roman "(before its".

Page 6, line 16, reset in roman "expiration).".

Page 7, line 3, delete "IC 6-1.1-12-22." and insert "IC 6-1.1-12-22".

Page 7, line 3, reset in roman "(before its expiration).".

Page 7, line 16, delete "IC 6-1.1-12-22 (~~before its~~" and insert "IC 6-1.1-12-22 (before its".



Page 7, line 17, reset in roman "expiration)".

Page 7, line 31, delete "IC 6-1.1-12-22," and insert "IC 6-1.1-12-22".

Page 7, line 31, reset in roman "(before its expiration)".

(Reference is to SB 401 as printed January 31, 2020.)

BUCHANAN

