State of Indiana

Department of Local Government Finance

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TO: **Assessing Officials & County Auditors**

FROM: **Daniel Shackle, Commissioner**

RE: **Legislation Affecting Deductions and Exemptions**

DATE: **June 18, 2024**

The Department of Local Government Finance ("Department") issues this memorandum to inform the public of legislative changes concerning property tax deductions and exemptions. Please note that this memorandum is for informational purposes only, and it is not a substitute for reading the law. Except as otherwise stated, all provisions are effective July 1, 2024.

I. County Option Mobile Home Tax Exemption

On March 11, 2024, Governor Eric J. Holcomb signed into law Senate Enrolled Act 183-2024 ("SEA 183"). Section 4 of SEA 183 specifies that a county fiscal body may adopt an ordinance to exempt mobile homes[1] and manufactured homes[2] located in the county from property taxation; however, any ordinance adopted may not include mobile homes or manufactured homes that are assessed as inventory or real property. Before adopting the exemption ordinance, the county fiscal body must conduct a public hearing on the proposed ordinance and publish notice of the hearing in accordance with Ind. Code § 5-3-1.

Any ordinance adopted must exempt all mobile homes and manufactured homes in the county from taxation, and a taxpayer is not required to file an application to qualify for the exemption. The county fiscal body is required to provide a certified copy of an adopted exemption ordinance to your Department Assessment Field Representative and the county assessor. Upon receipt of the adopted exemption ordinance, the county assessor must automatically apply the exemption to all mobile-home and manufactured-home properties in the county. For an annual assessment date in which an exemption ordinance is adopted under Ind. Code § 6-1.1-10.5 is in effect, the county assessor shall no longer assess mobile homes and manufactured homes. Since property tax exemptions apply to properties as they exist on the January 1 assessment date, any exemption ordinance adopted after January 1 will first apply to the following assessment year.

Indiana Code § 6-1.1-10.5-8 also specifies that the county fiscal body may repeal or amend an exemption ordinance. Given the option for a county fiscal body to repeal an exemption ordinance, the Department would encourage assessors in any county that adopts an exemption

[1] For purposes of SEA 183, "mobile home" has the meaning set forth in Ind. Code § 6-1.1-7-1(b).

[2] For purposes of SEA 183, "manufactured home" has the meaning set forth in Ind. Code § 9-13-2-96.

ordinance to maintain the parcel and assessment data for mobile homes and manufactured homes. As of June 2024, the record retention schedule (Record Series AS 12-12) issued by the Indiana Archives and Records Administration for Assessing Officials specifies that property record cards and any supporting documents may only be destroyed after ten (10) years and after receipt of the State Board of Accounts Audit Report and satisfaction of unsettled charges.

12	AS 12-12	PROPERTY RECORD CARDS Records may include, but are not limited to, SF 50055, SF 50056, SF 50057 or their substitutes, and any supporting documents.	DESTROY after ten (10) years and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.

(Assessing Officials Retention Schedule – Indiana Archives & Records Administration, Pg. 2)

II. Veteran with a Non-Service-Connected Disability Deduction

On March 13, 2024, Governor Eric J. Holcomb signed into law House Enrolled Act 1120-2024 (“HEA 1120”). Section 8 of HEA 1120 amends Ind. Code § 6-1.1-12-14 to increase the assessed value limitations for the Veteran with a Non-Service-Connected Disability Deduction[3] from $200,000 to $240,000. The increase in the assessed value limitations will apply to taxable years beginning after December 31, 2023 – i.e., 2024 Pay 2025.[4]

With the language included in Section 8 of HEA 1120, the Over 65 Deduction (IC 6-1.1-12-9; 10.1), the Over 65 Circuit Breaker Credit (IC 6-1.1-20.6-8.5), and the Veteran with a Non-Service-Connected Disability Deduction (IC 6-1.1-12-14) will all have an assessed value limitation of $240,000 for 2024 Pay 2025. However, unlike the Over 65 Deduction and the Veteran with a Non-Service-Connected Disability Deduction, for individuals first applying for the Over 65 Circuit Breaker Credit after December 31, 2022, the assessed valuation limitation applies to all real property owned in Indiana.

III. Homestead Deduction & LLCs

During the 2023 Legislative Session, Section 2 of Senate Enrolled Act 325-2023 (“SEA 325”) removed Ind. Code § 6-1.1-12-37(k), which allowed a corporation, limited liability company, partnership, and similar entities to receive the Homestead Deduction on a property if the property is the principal place of residence of an individual, the individual residing on the property is a shareholder or partner of the entity that owns the property, and the property was eligible for the deduction on March 1, 2009. This section of SEA 325 was effective January 1, 2024.

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[3] This deduction is also referred to as the Totally Disabled Veteran or Veteran at Least 62 Years of Age with Disability of 10% or More Deduction.

[4] Section 8 of HEA 1120 is retroactively effective January 1, 2024; however, Ind. Code § 6-1.1-12-14(d)(3) specifies that the new assessed valuation limitation applies to the January 1, 2024, assessment date and for each assessment date thereafter.

On March 13, 2024, Governor Eric J. Holcomb signed into law House Enrolled Act 1328-2024 ("HEA 1328")[5]. Section 11 of HEA 1328 reinserted the provision previously under SEA 325 into Ind. Code § 6-1.1-12-37(q), and this section is retroactively effective to January 1, 2024. Section 10 of HEA 1328 specifies that a taxpayer described in section 37(q) of this chapter is not required to file a statement to apply for the Homestead Deduction if the property owned by the taxpayer remains eligible for that calendar year. In other words, individuals that were previously eligible for the Homestead Deduction under Ind. Code § 6-1.1-12-37(k) (Indiana Code – 2023 Version) should continue to receive the deduction, so long as the eligibility criteria is still met.

> **IC 6-1.1-12-37**
> **Standard deduction for homesteads**
> **…**
> **(q) 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 includes up to one (1) acre of land immediately surrounding that dwelling, and any of the following improvements:**
> **(A) Any number of decks, patios, gazebos, or pools.**
> **(B) One (1) additional building that is not part of the dwelling if the building is predominantly used for a residential purpose and is not used as an investment property or as a rental property.**
> **(C) One (1) additional residential yard structure other than a deck, patio, gazebo, or pool.**
> **(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.**
> **…**

IV. Deduction Filing Deadline

Additionally, Sections 6-19 of HEA 1120 move the date that the following deductions must be dated and filed with the county auditor from January 5 to January 15:

Deduction	State Form	Statute(s)
Over 65 Deduction & Over 65 Circuit Breaker Credit	(SF 43708)	IC 6-1.1-12-9 IC 6-1.1-20.6-8.5
Blind/Disabled Deduction	(SF 43710)	IC 6-1.1-12
Disabled Veteran Deductions	(SF 12662)	IC 6-1.1-12-14 IC 6-1.1-12-15 IC 6-1.1-12-17

[5] Section 14 of HEA 1120 also reinserts the language previously removed under SEA 325 into Ind. Code § 6-1.1-12-37(r); however, Section 14 of HEA 1120 is effective January 1, 2025. It is the Department's understanding that the retroactive effective date for Section 11 of HEA 1328 would be the controlling law.

Environmental Deductions	(SF 18865)	IC 6-1.1-12-27.1 IC 6-1.1-12-30 IC 6-1.1-12-35.5
Building Constructed of Coal Combustion Products Deduction	(SF 52500)	IC 6-1.1-12-35.5
Homestead & Supplemental Homestead Deduction	(SF 05743)	IC 6-1.1-12-37
Fertilizer Storage Deduction	(SF 45651)	IC 6-1.1-12-38
Model Residence Deduction	(SF 53812)	IC 6-1.1-12.6-3
Residence in Inventory Deduction	(SF 54861)	IC 6-1.1-12.8-4

In addition to moving the date that deduction applications must be received by, Sections 6-19 of HEA 1120 also remove the requirement that the application for the previously referenced deductions must be *completed and signed* in the calendar year for which the individual wishes to obtain the deduction. This means that for all of the deductions referenced, the required application must be completed, signed, and filed with the county auditor by January 15. The Department would note that the application deadline for the Heritage Barn Deduction (IC 6-1.1-12-26.2) was not addressed in HEA 1120, and therefore, an application for this deduction must be signed by December 31 and filed with the county auditor by January 5.

Contact Information

Questions may be directed to Barry Wood, Assessment Division Director, at bwood@dlgf.in.gov, Emily Crisler, General Counsel, at emcrisler@dlgf.in.gov, or David Marusarz, Deputy General Counsel, at dmarusarz@dlgf.in.gov.