
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Council Fiscal Bodies & County Auditors

FROM: Daniel Shackle, Commissioner

RE: County Option Circuit Breaker Tax Credit

DATE: September 25, 2024

The Department of Local Government Finance (“Department”) issues this memorandum to inform and remind local officials about the County Option Circuit Breaker Tax Credit, located in Ind. Code § 6-1.1-49, which was added as a new chapter to the Indiana Code effective July 1, 2023, and which is currently set to expire on January 1, 2028. This chapter allows a county fiscal body to adopt an ordinance to provide for a circuit breaker tax credit to qualified individuals in a designated “neighborhood enhancement district” (“district”).

This memorandum is for informative purposes only and is not a substitute for reading the law.

A “qualified individual” is an individual who:

- (1) has received a homestead deduction for the qualified individual’s homestead property in the immediately preceding calendar year;
- (2) is receiving a homestead deduction for the same homestead property in the current calendar year;
- (3) has lived in the homestead property for at least ten (10) years on or before December 31 of the calendar year immediately preceding the current calendar year;
- (4) if fifty-five (55) years of age or older on or before December 31 of the calendar year preceding the year in which the credit is claimed; and
- (5) had an adjusted gross income below the amounts, if specified in the ordinance adopted by the county fiscal body, for the calendar year that is two (2) years before the calendar year in which the credit is applied.

The ordinance adopted by the county fiscal body must do the following:

- (1) Include a boundary description of the district or districts to which the ordinance applies. The district may include all of the territory of the county or one (1) or more specific geographic territories within the county. However, the boundary description must be sufficient to identify the parcel or parcels to which the credit may be applied, including by taxing district, a parcel list, or a legal description.
- (2) Specify any income thresholds for a qualified individual. The same income thresholds must be applied to each district designated in the county.
- (3) Specify the percent increase on a qualified individual's property tax liability in a particular year compared to the prior year that is used to determine the amount of the credit. The percent must be at least two percent (2%) but not exceed five percent (5%). The same percentage must be applied to each district designated in the county.
- (4) Specify that the credit cannot be applied to property taxes first due and payable after December 31, 2027.
- (5) Specify any other requirements pertaining to eligibility. The same additional requirements must be applied to each district designated in the county.

The ordinance is effective January 1 of the year following the year in which the ordinance is adopted. The county fiscal body may later rescind the ordinance.

If a county fiscal body adopts an ordinance to either provide a circuit breaker tax under Ind. Code § 6-1.1-49 or to rescind an ordinance previously adopted under that chapter, the county fiscal body must, not later than fifteen (15) days after the adoption of the ordinance, give notice of the adoption of the ordinance to the Department, the county auditor, and the fiscal officer of each taxing unit within the neighborhood enhancement district. County fiscal bodies may submit ordinances to the Department by emailing [Jenny Banks](#). All ordinances adopted and submitted to the Department will be made publicly available on the Department's website under the [County Specific Information](#) section for the relevant county.

To claim the credit, a qualified individual must file a certified statement with the county auditor. The Department has prescribed an [Application for County Option Circuit Breaker Credit \(SF 57323\)](#) that should be used by individuals seeking to claim the credit. Once filed, a qualified individual is not required to file another certified statement the following year if the qualified individual remains eligible for the credit for that year.

In terms of restrictions:

- (1) Only one (1) credit can be claimed per homestead by any qualified individual.
- (2) A qualified individual who receives this credit is unable to claim the Over 65 Circuit Breaker Credit under Ind. Code § 6-1.1-20.6-8.5.
- (3) The credit will not be applied to any portion of the homestead that is used for trade or business purposes in connection with the production of income.

The amount of the credit is equal to the amount that prevents the qualified individual's property tax liability on the homestead from increasing by the percent stated in the ordinance authorizing the credit. As stated above, this percentage must be between 2% and 5%. Therefore, a qualified individual's homestead property tax liability (excluding income-producing property) may be at least 102% but not more than 105% of the previous year's property tax liability on that same property.

The county auditor shall apply the credit to each qualified individual who received the credit in the prior year unless either of the following happens:

- (1) The county auditor determines the qualified individual is no longer eligible to receive the credit.
- (2) The county fiscal body rescinds or repeals the ordinance authorizing the credit.

The county auditor shall remove the credit when the ownership of the homestead property changes, and the qualified individual no longer owns or principally resides in the homestead. The qualified individual is required to file a certified statement with the county auditor when the use of the property partly or entirely changes, or the qualified individual knows or should have known that he or she no longer qualifies for the credit. This statement must be filed within sixty (60) days of knowing about ineligibility or the change of use. Failing to file this statement results in paying the additional taxes that would have been due had the credit not been imposed on the property, plus a civil penalty of ten percent (10%). The additional taxes owed, and the civil penalty become part of the property tax liability.

Questions may be directed to Jenny Banks at 317-234-4376 or jbanks@dlgf.in.gov.