

## **DIGEST OF SJ 1 (Updated March 14, 2008 1:09 pm - DI 73)**

Circuit breakers and other property tax matters.

For property taxes first due and payable in 2012 and thereafter, requires the general assembly to limit a taxpayer's property tax liability as follows: (1) A taxpayer's property tax liability on homestead property may not exceed 1% of the gross assessed value of the homestead property. (2) A taxpayer's property tax liability on other residential property may not exceed 2% of the gross assessed value of the other residential property. (3) A taxpayer's property tax liability on agricultural land may not exceed 2% of the gross assessed value of the property that is the basis for the determination of the agricultural land. (4) A taxpayer's property tax liability on other real property may not exceed 3% of the gross assessed value of the other real property. (5) A taxpayer's property tax liability on personal property may not exceed 3% of the gross assessed value of the taxpayer's personal property that is the basis for the determination of property taxes within a particular taxing district.

Specifies that property taxes imposed after being approved by the voters in a referendum shall not be considered for purposes of calculating the limits to property tax liability under these provisions.

Provides that in the case of a county for which the general assembly determines in 2008 that limits to property tax liability are expected to reduce in 2010 the aggregate property tax revenue that would otherwise be collected by all units and school corporations in the county by at least 20%, the general assembly may provide that property taxes imposed in the county to pay debt service or make lease payments for bonds or leases issued or entered into before July 1, 2008, shall not be considered for purposes of calculating the limits to property tax liability.

Specifies that such a law may not apply after December 31, 2019.

Permits the general assembly to exempt a mobile home used as a homestead to the same extent as real property.

Specifies that an exemption may be granted in the form of a deduction or credit.

Specifies that the general assembly may impose reasonable filing requirements to obtain an exemption, deduction, or credit.

This proposed amendment has not been previously agreed to by a general assembly.



February 22, 2008

# ENGROSSED SENATE JOINT RESOLUTION No. 1

DIGEST OF SJ 1 (Updated February 21, 2008 1:18 pm - DI 92)

**Citations Affected:** Article 10, Section 1 of the Constitution of the State of Indiana.

**Synopsis:** Circuit breakers and other property tax matters. Requires the general assembly to limit a taxpayer's property tax liability as follows: (1) A taxpayer's property tax liability on homestead property may not exceed 1% of the combined household income (as computed by law) of the individuals who use the tangible property as their principal place of residence. (2) A taxpayer's property tax liability on other residential property may not exceed 2% of the gross assessed value of the other residential property. (3) A taxpayer's property tax liability on nonresidential real property may not exceed 3% of the gross assessed value of the nonresidential real property. (4) A taxpayer's property tax liability on personal property may not exceed 3% of the gross assessed (Continued next page)

**Effective:** This proposed amendment must be agreed to by two consecutive general assemblies and ratified by a majority of the state's voters voting on the question to be effective.

**Kenley, Miller, Rogers,  
Meeks, Mrvan, Zakas**

(HOUSE SPONSORS — CRAWFORD, ESPICH, WELCH, TURNER)

November 20, 2007, read first time and referred to Committee on Tax and Fiscal Policy. Tax and Fiscal Policy.

January 22, 2008, amended, reported favorably — Do Pass.  
January 28, 2008, read second time, ordered engrossed. Engrossed.  
January 29, 2008, read third time; passed. Yeas 41, nays 7.

HOUSE ACTION

February 5, 2008, read first time and referred to Committee on Ways and Means.  
February 21, 2008, amended, reported — Do Pass.

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value of the taxpayer's personal property that is the basis for the determination of property taxes within a particular taxing district. Specifies that property taxes imposed for debt service on indebtedness incurred or payments on capital leases or lease-purchase agreements entered into before January 1, 2009, shall not be considered for purposes of calculating the limits to property tax liability under these provisions. Permits the general assembly to exempt a mobile home used as a homestead to the same extent as real property, Specifies that an exemption may be granted in the form of a deduction or credit. Specifies that the general assembly may impose reasonable filing requirements to obtain an exemption, deduction, or credit. This proposed amendment has not been previously agreed to by a general assembly.

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February 22, 2008

Second Regular Session 115th General Assembly (2008)

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 2007 Regular Session of the General Assembly.

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## ENGROSSED SENATE JOINT RESOLUTION No. 1

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A JOINT RESOLUTION proposing an amendment to Article 10, Section 1 of the Constitution of the State of Indiana concerning taxation.

*Be it resolved by the General Assembly of the State of Indiana:*

- 1 SECTION 1. The following amendment to the Constitution of the  
2 State of Indiana is proposed and agreed to by this, the One Hundred  
3 Fifteenth General Assembly of the State of Indiana, and is referred to  
4 the next General Assembly for reconsideration and agreement.  
5 SECTION 2. ARTICLE 10, SECTION 1 OF THE CONSTITUTION  
6 OF THE STATE OF INDIANA IS AMENDED TO READ AS  
7 FOLLOWS: Section 1. (a) **Subject to this section**, the General  
8 Assembly shall provide, by law, for a uniform and equal rate of  
9 property assessment and taxation and shall prescribe regulations to  
10 secure a just valuation for taxation of all property, both real and  
11 personal.  
12 (b) **A provision of this section permitting the General Assembly**  
13 **to exempt property from taxation also permits the General**

SJ 1 — SJ 9621/DI 51+



1 **Assembly to exercise its legislative power to enact property tax**  
2 **deductions and credits for the property. The General Assembly**  
3 **may impose reasonable filing requirements for an exemption,**  
4 **deduction, or credit.**

5 (c) The General Assembly may exempt from property taxation any  
6 property in any of the following classes:

- 7 (1) Property being used for municipal, educational, literary,
- 8 scientific, religious, or charitable purposes.
- 9 (2) Tangible personal property other than property being held as
- 10 an investment.
- 11 (3) Intangible personal property.
- 12 (4) Tangible ~~real~~ property, including curtilage, used as a principal
- 13 place of residence by an:
  - 14 (A) owner of the property;
  - 15 (B) individual who is buying the tangible ~~real~~ property under
  - 16 a contract; or
  - 17 (C) individual who has a beneficial interest in the owner of the
  - 18 tangible ~~real~~ property.

19 ~~(b)~~ (d) The General Assembly may exempt any motor vehicles,  
20 mobile homes **(not otherwise exempt under subsection (c)(4) or (e))**,  
21 airplanes, boats, trailers, or similar property, provided that an excise tax  
22 in lieu of the property tax is substituted therefor.

23 (e) **The following definitions apply to subsection (f):**

- 24 (1) **"Other residential property" means tangible property**
- 25 **(other than tangible property described in subsection (c)(4))**
- 26 **that is used for residential purposes.**
- 27 (2) **"Nonresidential real property" means real property that**
- 28 **is not tangible property described in subsection (c)(4) and is**
- 29 **not other residential property.**

30 (f) **The General Assembly shall, by law, limit a taxpayer's**  
31 **property tax liability as follows:**

- 32 (1) **A taxpayer's property tax liability on tangible property**
- 33 **described in subsection (c)(4) may not exceed one percent**
- 34 **(1%) of the combined household income (as computed by law)**
- 35 **of the individuals who use the tangible property as their**
- 36 **principal place of residence.**
- 37 (2) **A taxpayer's property tax liability on other residential**
- 38 **property may not exceed two percent (2%) of the gross**
- 39 **assessed value of the property that is the basis for the**
- 40 **determination of property taxes.**
- 41 (3) **A taxpayer's property tax liability on nonresidential real**
- 42 **property may not exceed three percent (3%) of the gross**
- 43 **assessed value of the property that is the basis for the**

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1           **determination of property taxes.**  
2           **(4) A taxpayer's property tax liability on personal property**  
3           **(other than personal property that is tangible property**  
4           **described in subsection (c)(4) or personal property that is**  
5           **other residential property) may not exceed three percent (3%)**  
6           **of the gross assessed value of the taxpayer's personal property**  
7           **that is the basis for the determination of property taxes within**  
8           **a particular taxing district.**  
9           **(g) Property taxes imposed for debt service on indebtedness**  
10          **incurred or payments on capital leases or lease-purchase**  
11          **agreements entered into before January 1, 2009, shall not be**  
12          **considered for purposes of calculating the limits to property tax**  
13          **liability under subsection (f).**

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SENATE MOTION

Madam President: I move that Senator Miller be added as second author of Senate Joint Resolution 1.

KENLEY

SENATE MOTION

Madam President: I move that Senator Rogers be added as third author of Senate Joint Resolution 1.

KENLEY

SENATE MOTION

Madam President: I move that Senator Meeks be added as coauthor of Senate Joint Resolution 1.

KENLEY

SENATE MOTION

Madam President: I move that Senator Mrvan be added as coauthor of Senate Joint Resolution 1.

KENLEY

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Joint Resolution No. 1, 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, delete lines 23 through 31, begin a new paragraph and insert:

**"(e) The following definitions apply to subsection (f):**

**(1) "Other residential property" means tangible property**



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(other than tangible property described in subsection (c)(4) that is used for residential purposes.

(2) "Nonresidential real property" means real property that is not tangible property described in subsection (c)(4) and is not other residential property.

(f) The General Assembly shall, by law, limit a taxpayer's property tax liability as follows:

(1) A taxpayer's property tax liability on tangible property described in subsection (c)(4) may not exceed one percent (1%) of the gross assessed value of the property that is the basis for the determination of property taxes.

(2) A taxpayer's property tax liability on other residential property may not exceed two percent (2%) of the gross assessed value of the property that is the basis for the determination of property taxes.

(3) A taxpayer's property tax liability on nonresidential real property may not exceed three percent (3%) of the gross assessed value of the property that is the basis for the determination of property taxes.

(4) A taxpayer's property tax liability on personal property (other than personal property that is tangible property described in subsection (c)(4) or personal property that is other residential property) may not exceed three percent (3%) of the gross assessed value of the taxpayer's personal property that is the basis for the determination of property taxes within a particular taxing district.

(g) Property taxes imposed after being approved by the voters in a referendum or local public question shall not be considered for purposes of calculating the limits to property tax liability under subsection (f)."

and when so amended that said bill do pass.

(Reference is to SJR 1 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred SJR 1, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 34, delete "gross assessed value of the property that is the" and insert "**combined household income (as computed by law) of the individuals who use the tangible property as their principal place of residence.**".

Page 2, delete line 35.

Page 3, line 9, delete "after being approved by the voters" and insert "**for debt service on indebtedness incurred or payments on capital leases or lease-purchase agreements entered into before January 1, 2009,**".

Page 3, line 10, delete "in a referendum or local public question".  
and when so amended that said bill do pass.

(Reference is to SJR 1 as printed January 23, 2008.)

CRAWFORD, Chair

Committee Vote: yeas 21, nays 2.

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