

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: County Auditors

FROM: Amanda J. Stanley, Assistant Director of Communications *AS*

RE: Homestead Standard Deduction, HEA 1004-2011

DATE: May 11, 2011

House Enrolled Act (HEA) 1004-2011 amended Indiana Code 6-1.1-12-37 by adding subsections (n) and (o). This statute currently governs the homestead standard deduction applicable to real property and mobile/manufactured homes not assessed as real property. The amendments are effective retroactive to March 1, 2011.

Unless addressed in this memorandum, all information contained in the July 8, 2009 Homestead Standard Deduction memorandum is still applicable.

Married Couples Maintaining Separate Residences

Subsection (n) provides that an individual may not be denied the homestead standard deduction if the individual's spouse owns property located outside Indiana and the individual files an affidavit with the county auditor containing the following information:

- (1) The names of the county and state in which the individual's spouse claims a deduction substantially similar to the homestead standard deduction.
- (2) A statement made under penalty of perjury that the following are true:
 - a. The individual and the individual's spouse maintain separate principal places of residence;
 - b. Neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence; and
 - c. Neither the individual nor the individual's spouse has, for that same year, claimed a homestead standard deduction or substantially similar deduction for any other property other than the property maintained as a principal place of residence by the respective individuals.

A county auditor may require an individual or an individual's spouse to provide evidence of the accuracy of the affidavit information. The evidence required may include state income tax

returns, excise tax payment information, property tax payment information, driver license information, and voter registration information.

Example: On March 1, 2011, John Doe maintains his principal place of residence at Property 1 located in Indiana. He is the sole owner of this property. His wife is the sole owner of Property 2 located outside of Indiana where she maintains her principal place of residence and receives homestead benefits. Neither spouse is claiming homestead benefits on any other property. John Doe files a timely application for the Indiana homestead standard deduction and provides the required affidavit detailed above. John Doe, assuming all eligibility requirements are met, can receive the homestead standard deduction on Property 1 for the 2011 and 2012 property taxes.

The homestead verification form requirements remain unchanged. Both spouses, even if one is claiming homestead benefits in another state, still are required to complete the pink homestead verification for an Indiana homestead property and provide required identification numbers. An optional field will be available in the homestead database for tracking those properties where an affidavit has been submitted.

Notice of Ineligibility

In applying for the homestead standard deduction, the individual or married couple shall complete State Form 5473 or the homestead application portion of the Sales Disclosure Form (Part F).

Per IC 6-1.1-12-37(o), if the county auditor determines that an applicant is not eligible for the homestead standard deduction, the county auditor shall inform the property owner of the county auditor's determination in writing.

If you have any questions, please contact Assistant Director of Communications Amanda Stanley at 317-233-9218 or astanley@dlgf.in.gov.