STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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TO: **County Assessors and County Auditors**

FROM: **Timothy J. Rushenberg, Commissioner**

RE: **Homestead Standard Deduction and Personal Property Mobile Homes with Real Estate Guidance**

DATE: **December 18, 2008**

The Department of Local Government Finance would like to issue the following guidance regarding the Homestead Standard Deduction, effective January 1, 2009 for pay-2009, as applicable to Personal Property Mobile Homes where the land surrounding the Personal Property Mobile Home also is owned by the taxpayer. Two code citations (IC 6-1.1-12-37 and IC 6-1.1-12-40.5) seem to provide conflicting information regarding the maximum allowable deduction and the allocation of the deduction between the mobile home and real estate.

IC 6-1.1-12-37:
Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:
(1) sixty percent (60%) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or
(2) forty-five thousand dollars ($45,000).

IC 6-1.1-12-40.5:
Notwithstanding any other provision, the sum of the deductions provided under this chapter to a mobile home that is not assessed as real property or to a manufactured home that is not assessed as real property may not exceed one-half (1/2) of the assessed value of the mobile home or manufactured home.

To follow the statutory limitations set in both of these sections of the Indiana Code, the Department recommends the Homestead Deduction be applied to the Personal Property Mobile Home **and** the land surrounding the Personal Property Mobile Home up to one (1) acre as follows:

Personal Property Mobile Home Assessed Value	$15,000
Land Assessed Value	+ $5,000
Homestead (Personal Property Mobile Home and Land up to 1 acre) Assessed Value	= $20,000
Per IC 6-1.1-12-37 60% deduction of homestead	= $12,000
Allocation of Deduction	
Per IC 6-1.1-12-40.5 maximum deductions of 50%	
of Personal Property Mobile Home Assessed Value	= $7,500
Remainder of deduction applied to Assessed Value of Land ($12,000- $7,500)	= $4,500

The Homestead Standard Deduction should be applied to the Personal Property Mobile Home **and** qualifying real estate before all other deductions such as the Over 65 Assessed Value Deduction or Mortgage Deduction. State law limits the sum of all deductions to one-half (½) of the assessed value of the personal property mobile/manufactured home (IC 6-1.1-12-40.5). Therefore, while individuals may apply for any deductions for which he or she is eligible, the taxpayer will not see the benefit of that deduction on their personal property tax bill because the Homestead Standard Deduction meets the maximum limit. The Supplemental Homestead Deduction is outside of the one-half maximum and is not included in meeting this limitation. Additional deductions that are applicable to land may be applied to the land after the Homestead Standard Deduction (i.e. Mortgage Deduction or Disabled Veteran Deduction).

With respect to a mobile home not assessed as real property (i.e. personal property mobile home), deductions must be filed during the twelve (12) months before March 31 of each year for which the individual wishes to obtain the deduction. With respect to real property including the land surrounding the personal property mobile home that is owned by the owner of the mobile home, deductions must be filed on or before December 31 of the year for which the individual wishes to obtain the deduction. If a person’s deduction eligibility changes from one year to the next, the person is required to notify the county auditor.