

HOUSE BILL No. 1403

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-1-20.

Synopsis: Regulation of residential rental property. Provides that the owner of a rental unit assessed any fee by a political subdivision pertaining to the rental unit may: (1) notify the tenants of the rental unit of the assessment of the fee; and (2) require the tenants of the rental unit to reimburse the owner for the payment of the fee. (Current law refers to "inspection, registration, or other fee".) Provides that any fee assessed and collected by a political subdivision pertaining to a rental unit must be maintained in a special fund dedicated solely to reimbursing the costs actually incurred by the political subdivision relating to the imposition and amount of the fee. Provides that a political subdivision may not (1) require an owner or landlord to obtain a permit to lease a rental unit; or (2) require an owner or landlord to enroll or participate in a class or government program as a condition for leasing a rental unit. Provides that a political subdivision may adopt a program for inspecting rental units, but that the political subdivision may not inspect a rental unit or impose a fee pertaining to a rental unit: (1) that is managed by a professional real estate manager; or (2) if the rental unit has been inspected during the previous 12 months by a qualified inspector and the owner of the rental unit has written verification that the rental unit meets or exceeds the standards for which the unit was inspected. Provides that a political subdivision may inspect any rental unit upon receipt of a claim that the rental unit does not comply with applicable code requirements. Provides that a political

(Continued next page)

Effective: June 30, 2014.

McMillin, VanNatter

January 16, 2014, read first time and referred to Committee on Government and Regulatory Reform.



Digest Continued

subdivision may impose a penalty for an act or omission that is a nuisance or a violation of the political subdivision's enforceable ordinances or codes, subject to certain conditions. Provides that a political subdivision may establish a registration program for rental units within the political subdivision. Repeals superseded statutes relating to local regulation of residential landlord and tenant relations.



Introduced

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1403

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-1-20-2, AS ADDED BY P.L.212-2011,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JUNE 30, 2014]: Sec. 2. (a) Except as provided in subsection (b), the
4 owner of a rental unit assessed any ~~inspection, registration, or other~~ fee
5 by a political subdivision pertaining to the rental unit may:
6 (1) notify the tenants of the rental unit of the assessment of the
7 fee; and
8 (2) require the tenants of the rental unit to reimburse the owner
9 for the payment of the fee.
10 (b) Tenants of a rental unit may not be required to reimburse the
11 owner of a rental unit for fees assessed by a political subdivision
12 relating to the construction of the rental unit, such as building permit
13 fees.
14 SECTION 2. IC 36-1-20-3, AS ADDED BY P.L.212-2011,



1 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 2 JUNE 30, 2014]: Sec. 3. Any ~~inspection, registration, or other~~ fee
 3 assessed ~~under section 2 of this chapter~~ and collected by a political
 4 subdivision **pertaining to a rental unit** must be maintained in a
 5 special fund dedicated solely to reimbursing the costs ~~reasonably~~
 6 **related to services actually performed incurred** by the political
 7 subdivision ~~that justified relating to~~ the imposition and amount of the
 8 fee. Each fund shall be maintained as a separate line item in the
 9 political subdivision's budget. Money in the fund may not at any time
 10 revert to the general fund or any other fund of the political subdivision.

11 SECTION 3. IC 36-1-20-3.5 IS ADDED TO THE INDIANA CODE
 12 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JUNE
 13 30, 2014] **Sec. 3.5. Except as provided in section 4.1 or 5 of this**
 14 **chapter, a political subdivision may not do any of the following:**

15 **(1) Require a rental unit's owner or landlord to obtain a**
 16 **permit to lease the rental unit.**

17 **(2) Require a rental unit's owner or landlord to participate in**
 18 **a class or government program as a condition for leasing the**
 19 **rental unit.**

20 SECTION 4. IC 36-1-20-4 IS REPEALED [EFFECTIVE JUNE 30,
 21 2014]. Sec. 4: (a) ~~As used in this section, "regulation" refers to an~~
 22 ~~ordinance, rule, or other enactment by a political subdivision relating~~
 23 ~~to any of the following:~~

24 (1) ~~Landlord and tenant relations.~~

25 (2) ~~Rental agreements.~~

26 (3) ~~Real property subject to a rental agreement.~~

27 (b) ~~A regulation that does any of the following may not be adopted~~
 28 ~~after February 28, 2013:~~

29 (1) ~~Requires an owner or landlord to be licensed or to obtain a~~
 30 ~~permit from the political subdivision to lease a rental unit.~~

31 (2) ~~Requires an owner or landlord to enroll or participate in a~~
 32 ~~class or government program as a condition for leasing a rental~~
 33 ~~unit.~~

34 (3) ~~Imposes or increases a fee or other assessment for any of the~~
 35 ~~following:~~

36 (A) ~~Inspection of a rental unit.~~

37 (B) ~~Registration of an owner, landlord, or rental unit.~~

38 (C) ~~Any other purpose related to the purposes listed in~~
 39 ~~subsection (a).~~

40 (c) ~~This chapter does not prohibit a political subdivision from:~~

41 (1) ~~establishing a rental unit inspection program; or~~

42 (2) ~~imposing or increasing a fee relating to the construction of a~~



rental unit, such as a building permit fee:

(d) This section expires July 1, 2014.

SECTION 5. IC 36-1-20-4.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JUNE 30, 2014]: **Sec. 4.1. (a) This chapter does not prohibit a political subdivision from establishing and enforcing a program for inspecting rental units. However, after June 30, 2014, a political subdivision may not inspect a rental unit and may not impose a fee pertaining to a rental unit that satisfies either of the following:**

(1) The rental unit is managed by a professional real estate manager.

(2) The rental unit satisfies both of the following:

(A) The rental unit has been inspected during the previous twelve (12) months by an inspector qualified by profession or experience to conduct inspections.

(B) The inspector referred to in clause (A) has issued written verification to the rental unit's owner or manager that the rental unit meets or exceeds the standards for which the rental unit was inspected.

(b) Notwithstanding subsection (a), a political subdivision may inspect a rental unit upon receipt of a complaint that the rental unit does not comply with applicable code requirements. However, the political subdivision may not impose a fee in connection with the inspection of a rental unit that is otherwise exempt from inspection under subsection (a). If the inspection of a rental unit reveals a violation of applicable code requirements, the owner of the rental unit may be subject to a penalty as provided in section 6 of this chapter.

SECTION 6. IC 36-1-20-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JUNE 30, 2014]: **Sec. 5. (a) This chapter does not prohibit a political subdivision from establishing and enforcing a registration program for rental units within the political subdivision.**

(b) A political subdivision may assess a one (1) time registration fee of not more than five dollars (\$5) for a rental unit community. If ownership of the rental unit community changes, a political subdivision may require the new owner of the rental unit community to:

(1) pay a registration fee of not more than five dollars (\$5); and

(2) provide updated registration information to the political subdivision;



1 **not later than thirty (30) days after the change of ownership.**

2 SECTION 7. IC 36-1-20-6 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JUNE
4 30, 2014]: **Sec. 6. (a) This chapter does not prevent a political**
5 **subdivision from imposing and collecting a penalty for an act or**
6 **omission that is a nuisance or violation of the political subdivision's**
7 **enforceable ordinances or codes, subject to subsection (b).**

8 **(b) A penalty permitted under subsection (a) may not be**
9 **imposed until after:**

10 **(1) reasonable notice of the nuisance or violation has been**
11 **given to the owner or the owner's designee;**

12 **(2) passage of a reasonable time, which must be stated in the**
13 **notice, for the nuisance or violation to be cured; and**

14 **(3) failure of the nuisance or violation to be cured within the**
15 **time stated in the notice.**

