

# HOUSE BILL No. 1173

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-10-16.

**Synopsis:** Tax exemption for landlord of a nonprofit renter. Provides that to qualify for a tax exemption, an owner of a building may establish a charitable purpose by leasing all or part of the building at a rate substantially below market cost to a person using the building for an educational, literary, scientific, religious, or charitable purpose.

**Effective:** July 1, 2021.

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January 7, 2021, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

# HOUSE BILL No. 1173

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

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

- 1 SECTION 1. IC 6-1.1-10-16, AS AMENDED BY P.L.85-2019,
- 2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2021]: Sec. 16. (a) All or part of a building is exempt from
- 4 property taxation if it is owned, occupied, and used by a person for
- 5 educational, literary, scientific, religious, or charitable purposes. **The**
- 6 **owner of a building may establish a charitable purpose by leasing**
- 7 **all or part of a building at a rate substantially below market cost**
- 8 **to a person using the building for an educational, literary,**
- 9 **scientific, religious, or charitable purpose.**
- 10 (b) A building is exempt from property taxation if it is owned,
- 11 occupied, and used by a town, city, township, or county for educational,
- 12 literary, scientific, fraternal, or charitable purposes.
- 13 (c) A tract of land, including the campus and athletic grounds of an
- 14 educational institution, is exempt from property taxation if:
- 15 (1) a building that is exempt under subsection (a) or (b) is situated
- 16 on it;
- 17 (2) a parking lot or structure that serves a building referred to in



- 1 subdivision (1) is situated on it; or  
 2 (3) the tract:  
 3 (A) is owned by a nonprofit entity established for the purpose  
 4 of retaining and preserving land and water for their natural  
 5 characteristics;  
 6 (B) does not exceed five hundred (500) acres; and  
 7 (C) is not used by the nonprofit entity to make a profit.  
 8 (d) A tract of land is exempt from property taxation if:  
 9 (1) it is purchased for the purpose of erecting a building that is to  
 10 be owned, occupied, and used in such a manner that the building  
 11 will be exempt under subsection (a) or (b); and  
 12 (2) not more than four (4) years after the property is purchased,  
 13 and for each year after the four (4) year period, the owner  
 14 demonstrates substantial progress and active pursuit towards the  
 15 erection of the intended building and use of the tract for the  
 16 exempt purpose. To establish substantial progress and active  
 17 pursuit under this subdivision, the owner must prove the existence  
 18 of factors such as the following:  
 19 (A) Organization of and activity by a building committee or  
 20 other oversight group.  
 21 (B) Completion and filing of building plans with the  
 22 appropriate local government authority.  
 23 (C) Cash reserves dedicated to the project of a sufficient  
 24 amount to lead a reasonable individual to believe the actual  
 25 construction can and will begin within four (4) years.  
 26 (D) The breaking of ground and the beginning of actual  
 27 construction.  
 28 (E) Any other factor that would lead a reasonable individual to  
 29 believe that construction of the building is an active plan and  
 30 that the building is capable of being completed within eight (8)  
 31 years considering the circumstances of the owner.  
 32 If the owner of the property sells, leases, or otherwise transfers a tract  
 33 of land that is exempt under this subsection, the owner is liable for the  
 34 property taxes that were not imposed upon the tract of land during the  
 35 period beginning January 1 of the fourth year following the purchase  
 36 of the property and ending on December 31 of the year of the sale,  
 37 lease, or transfer. The county auditor of the county in which the tract  
 38 of land is located may establish an installment plan for the repayment  
 39 of taxes due under this subsection. The plan established by the county  
 40 auditor may allow the repayment of the taxes over a period of years  
 41 equal to the number of years for which property taxes must be repaid  
 42 under this subsection.



1 (e) Personal property is exempt from property taxation if it is owned  
 2 and used in such a manner that it would be exempt under subsection (a)  
 3 or (b) if it were a building.

4 (f) A hospital's property that is exempt from property taxation under  
 5 subsection (a), (b), or (e) shall remain exempt from property taxation  
 6 even if the property is used in part to furnish goods or services to  
 7 another hospital whose property qualifies for exemption under this  
 8 section.

9 (g) Property owned by a shared hospital services organization that  
 10 is exempt from federal income taxation under Section 501(c)(3) or  
 11 501(e) of the Internal Revenue Code is exempt from property taxation  
 12 if it is owned, occupied, and used exclusively to furnish goods or  
 13 services to a hospital whose property is exempt from property taxation  
 14 under subsection (a), (b), or (e).

15 (h) This section does not exempt from property tax an office or a  
 16 practice of a physician or group of physicians that is owned by a  
 17 hospital licensed under IC 16-21-2 or other property that is not  
 18 substantially related to or supportive of the inpatient facility of the  
 19 hospital unless the office, practice, or other property:

- 20 (1) provides or supports the provision of charity care (as defined  
 21 in IC 16-18-2-52.5), including providing funds or other financial  
 22 support for health care services for individuals who are indigent  
 23 (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or  
 24 (2) provides or supports the provision of community benefits (as  
 25 defined in IC 16-21-9-1), including research, education, or  
 26 government sponsored indigent health care (as defined in  
 27 IC 16-21-9-2).

28 However, participation in the Medicaid or Medicare program alone  
 29 does not entitle an office, practice, or other property described in this  
 30 subsection to an exemption under this section.

31 (i) A tract of land or a tract of land plus all or part of a structure on  
 32 the land is exempt from property taxation if:

- 33 (1) the tract is acquired for the purpose of erecting, renovating, or  
 34 improving a single family residential structure that is to be given  
 35 away or sold:  
 36 (A) in a charitable manner;  
 37 (B) by a nonprofit organization; and  
 38 (C) to low income individuals who will:  
 39 (i) use the land as a family residence; and  
 40 (ii) not have an exemption for the land under this section;  
 41 (2) the tract does not exceed three (3) acres; and  
 42 (3) the tract of land or the tract of land plus all or part of a



- 1 structure on the land is not used for profit while exempt under this  
 2 section.
- 3 (j) An exemption under subsection (i) terminates when the property  
 4 is conveyed by the nonprofit organization to another owner.
- 5 (k) When property that is exempt in any year under subsection (i) is  
 6 conveyed to another owner, the nonprofit organization receiving the  
 7 exemption must file a certified statement with the auditor of the county,  
 8 notifying the auditor of the change not later than sixty (60) days after  
 9 the date of the conveyance. The county auditor shall immediately  
 10 forward a copy of the certified statement to the county assessor. A  
 11 nonprofit organization that fails to file the statement required by this  
 12 subsection is liable for the amount of property taxes due on the  
 13 property conveyed if it were not for the exemption allowed under this  
 14 chapter.
- 15 (l) If property is granted an exemption in any year under subsection  
 16 (i) and the owner:
- 17 (1) fails to transfer the tangible property within eight (8) years  
 18 after the assessment date for which the exemption is initially  
 19 granted; or
- 20 (2) transfers the tangible property to a person who:
- 21 (A) is not a low income individual; or
- 22 (B) does not use the transferred property as a residence for at  
 23 least one (1) year after the property is transferred;
- 24 the person receiving the exemption shall notify the county recorder and  
 25 the county auditor of the county in which the property is located not  
 26 later than sixty (60) days after the event described in subdivision (1) or  
 27 (2) occurs. The county auditor shall immediately inform the county  
 28 assessor of a notification received under this subsection.
- 29 (m) If subsection (l)(1) or (l)(2) applies, the owner shall pay, not  
 30 later than the date that the next installment of property taxes is due, an  
 31 amount equal to the sum of the following:
- 32 (1) The total property taxes that, if it were not for the exemption  
 33 under subsection (i), would have been levied on the property in  
 34 each year in which an exemption was allowed.
- 35 (2) Interest on the property taxes at the rate of ten percent (10%)  
 36 per year.
- 37 (n) The liability imposed by subsection (m) is a lien upon the  
 38 property receiving the exemption under subsection (i). An amount  
 39 collected under subsection (m) shall be collected as an excess levy. If  
 40 the amount is not paid, it shall be collected in the same manner that  
 41 delinquent taxes on real property are collected.
- 42 (o) Property referred to in this section shall be assessed to the extent



1 required under IC 6-1.1-11-9.  
2 (p) A for-profit provider of early childhood education services to  
3 children who are at least four (4) but less than six (6) years of age on  
4 the annual assessment date may receive the exemption provided by this  
5 section for property used for educational purposes only if all the  
6 requirements of section 46 of this chapter are satisfied. A for-profit  
7 provider of early childhood education services that provides the  
8 services only to children younger than four (4) years of age may not  
9 receive the exemption provided by this section for property used for  
10 educational purposes.

