

# HOUSE BILL No. 1180

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 36-1-8-18; IC 36-7.

**Synopsis:** PILOTS and fees on tax exempt property. Provides that a political subdivision may not do any of the following: (1) Impose a payment in lieu of taxes (PILOT) or other charge or user fee on certain tax exempt property used as a church or for other religious purposes, or used as a nonprofit private or parochial school. (2) Enter into an agreement requiring a PILOT or other charge or user fee on such property as a condition of granting, issuing, or approving certain permits or zoning approvals, or as a condition of continuing governmental services to the property. (3) Require a person to limit the person's rights to challenge the imposition of a PILOT or other charge or user fee or the assessment of property taxes imposed on such property. Provides that an impact fee may not be imposed on such property. Specifies that these restrictions do not prohibit the imposing of utility fees or charges, sewer fees or charges, or waste collection or disposal fees or charges.

**Effective:** July 1, 2016.

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January 7, 2016, read first time and referred to Committee on Ways and Means.

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Second Regular Session of the 119th General Assembly (2016)

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 2015 Regular Session of the General Assembly.

# HOUSE BILL No. 1180

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 36-1-8-18 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2016]: **Sec. 18. (a) As used in this section, "qualified property"**  
4 **means any of the following:**  
5 (1) **Tangible property owned, occupied, and used by a person**  
6 **for religious purposes described in IC 6-1.1-10-16.**  
7 (2) **Tangible property owned by a church or religious society**  
8 **and used for educational purposes described in**  
9 **IC 6-1.1-10-16.**  
10 (3) **Tangible property used for religious purposes described in**  
11 **IC 6-1.1-10-21.**  
12 (4) **Tangible property used by a church for purposes**  
13 **described in IC 6-1.1-10-22.**  
14 (5) **Tangible property:**  
15 (A) **owned by a nonprofit private or parochial school; and**  
16 (B) **used for educational purposes described in**  
17 **IC 6-1.1-10-16 for students in preschool or any**



- 1 combination of kindergarten through grade 12.  
 2 (b) A political subdivision may not do any of the following after  
 3 June 30, 2016:  
 4 (1) Except as provided in subsection (c), impose or otherwise  
 5 require a payment in lieu of taxes or the payment of any other  
 6 charge or user fee for or on qualified property.  
 7 (2) Except as provided in subsection (c), enter into an  
 8 agreement that does any of the following:  
 9 (A) Requires a payment in lieu of taxes or the payment of  
 10 any other charge or user fee for or on qualified property as  
 11 a condition of:  
 12 (i) granting, issuing, or approving a building permit, an  
 13 improvement location permit, a certificate of occupancy,  
 14 a primary or secondary plat, or any other permit related  
 15 to the use of qualified property;  
 16 (ii) granting or approving any zoning variance, special  
 17 exception, special use, contingent use, or conditional use  
 18 or any other zoning requirement or permit related to  
 19 qualified property; or  
 20 (iii) continuing governmental services to qualified  
 21 property.  
 22 This clause does not prohibit an application fee that is  
 23 reasonably related to the cost of reviewing or processing  
 24 the application.  
 25 (B) Requires a person to limit the person's rights to  
 26 challenge any of the following:  
 27 (i) The imposition of a payment in lieu of taxes or the  
 28 payment of any other charge or user fee on qualified  
 29 property.  
 30 (ii) The assessment of property taxes imposed on  
 31 qualified property.  
 32 (c) This section does not prohibit the imposing of utility fees or  
 33 charges, sewer fees or charges, or waste collection or disposal fees  
 34 or charges on qualified property or property that will be used as  
 35 qualified property.  
 36 SECTION 2. IC 36-7-4-1314 IS AMENDED TO READ AS  
 37 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1314. (a) Except as  
 38 provided in ~~subsection~~ **subsections (b) and (c)**, an impact fee  
 39 ordinance must apply to any development:  
 40 (1) that is in an impact zone; and  
 41 (2) for which a unit may require a structural building permit.  
 42 (b) An impact fee ordinance may not apply to an improvement that



1 does not create a need for additional infrastructure, including the  
 2 erection of a sign, the construction of a fence, or the interior renovation  
 3 of a building not resulting in a change in use.

4 **(c) As used in this section, "qualified property" has the meaning**  
 5 **set forth in IC 36-1-8-18. An impact fee ordinance may not apply**  
 6 **to qualified property, and an impact fee may not be imposed on**  
 7 **qualified property.**

8 SECTION 3. IC 36-7-25-6 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. **Subject to section**  
 10 **6.5 of this chapter**, a commission may enter into an agreement with a  
 11 taxpayer in an allocation area that limits the taxpayer's rights to  
 12 challenge the taxpayer's assessment or property taxes or that  
 13 guarantees, enhances, or otherwise further secures bonds or lease  
 14 obligations of the commission. The obligation to make payments under  
 15 a taxpayer agreement that guarantee, enhance, or otherwise further  
 16 secure bonds or lease obligations of the commission under this section  
 17 shall be treated in the same manner as property taxes for purposes of  
 18 IC 6-1.1-22-13, if, and to the extent that, the taxpayer agreement  
 19 provides for a property tax lien.

20 SECTION 4. IC 36-7-25-6.5 IS ADDED TO THE INDIANA CODE  
 21 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 22 1, 2016]: **Sec. 6.5. (a) As used in this section, "qualified property"**  
 23 **has the meaning set forth in IC 36-1-8-18.**

24 **(b) Notwithstanding section 6 of this chapter or any other law,**  
 25 **an agreement entered into by a commission after June 30, 2016,**  
 26 **may not include any of the following:**

27 **(1) A provision requiring a person to:**

28 **(A) make any payments in lieu of taxes; or**

29 **(B) except as provided in subsection (c), pay any other**  
 30 **charge or user fee;**

31 **for or on qualified property.**

32 **(2) A provision requiring a person to limit the person's rights**  
 33 **to challenge any of the following:**

34 **(A) The imposition of a payment in lieu of taxes or the**  
 35 **payment of any other charge or user fee on qualified**  
 36 **property.**

37 **(B) The assessment of property taxes imposed on qualified**  
 38 **property.**

39 **(c) This section does not prohibit the imposing of utility fees or**  
 40 **charges, sewer fees or charges, or waste collection or disposal fees**  
 41 **or charges on qualified property.**

