



January 29, 2016

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## HOUSE BILL No. 1180

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DIGEST OF HB 1180 (Updated January 27, 2016 9:41 am - DI 58)

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

**Synopsis:** PILOTS and fees on tax exempt property. Provides that a political subdivision may not do any of the following with regard to exempt property used by a church or religious society or used as a K-12 school operated by a church or religious society if the exempt property is located in a tax increment allocation area before the designation of the area or was donated for that purpose: (1) Impose a payment in lieu of taxes (PILOT) or other charge or user fee on the property. (2) Enter into an agreement requiring a PILOT or other charge or user fee on the 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 the property. Provides that an impact fee may not be imposed on the 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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## Burton, Mayfield

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January 7, 2016, read first time and referred to Committee on Ways and Means.  
January 28, 2016, amended, reported — Do Pass.

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HB 1180—LS 6318/DI 73





January 29, 2016

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 property that:**  
5 **(1) is located in a tax increment allocation area:**  
6 **(A) before the designation of the area and the property has**  
7 **been continuously used since the date the area was**  
8 **designated for a purpose listed in subdivision (2); or**  
9 **(B) that was donated for a purpose listed in subdivision (2);**  
10 **and**  
11 **(2) is also any of the following:**  
12 **(A) Tangible property exempt from taxation under**  
13 **IC 6-1.1-10-21.**  
14 **(B) Tangible property:**  
15 **(i) owned by a church or religious society exempt from**  
16 **taxation under IC 6-1.1-10-21; and**  
17 **(ii) used for educational purposes for students in**

HB 1180—LS 6318/DI 73



1 preschool or any combination of kindergarten through  
2 grade 12.

3 Tangible property used for educational purposes includes  
4 property used by teachers and students during the school  
5 day or for extracurricular activities, such as cafeterias,  
6 auditoriums, gymnasiums, offices, playgrounds, and  
7 recreational and athletic fields, and parking lots.

8 (b) A political subdivision may not do any of the following after  
9 June 30, 2016:

10 (1) Except as provided in subsection (c), impose or otherwise  
11 require a payment in lieu of taxes or the payment of any other  
12 charge or user fee for or on qualified property.

13 (2) Except as provided in subsection (c), enter into an  
14 agreement that does any of the following:

15 (A) Requires a payment in lieu of taxes or the payment of  
16 any other charge or user fee for or on qualified property as  
17 a condition of:

18 (i) granting, issuing, or approving a building permit, an  
19 improvement location permit, a certificate of occupancy,  
20 a primary or secondary plat, or any other permit related  
21 to the use of qualified property;

22 (ii) granting or approving any zoning variance, special  
23 exception, special use, contingent use, or conditional use  
24 or any other zoning requirement or permit related to  
25 qualified property; or

26 (iii) continuing governmental services to qualified  
27 property.

28 This clause does not prohibit an application fee that is  
29 reasonably related to the cost of reviewing or processing  
30 the application.

31 (B) Requires a person to limit the person's rights to  
32 challenge any of the following:

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

36 (ii) The assessment of property taxes imposed on  
37 qualified property.

38 (c) This section does not prohibit the imposing of utility fees or  
39 charges, sewer fees or charges, or waste collection or disposal fees  
40 or charges on qualified property or property that will be used as  
41 qualified property.

42 SECTION 2. IC 36-7-4-1314 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 1314. (a) Except as  
 2 provided in ~~subsection~~ **subsections (b) and (c)**, an impact fee  
 3 ordinance must apply to any development:

4 (1) that is in an impact zone; and

5 (2) for which a unit may require a structural building permit.

6 (b) An impact fee ordinance may not apply to an improvement that  
 7 does not create a need for additional infrastructure, including the  
 8 erection of a sign, the construction of a fence, or the interior renovation  
 9 of a building not resulting in a change in use.

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

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

26 SECTION 4. IC 36-7-25-6.5 IS ADDED TO THE INDIANA CODE  
 27 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
 28 1, 2016]: Sec. 6.5. (a) **As used in this section, "qualified property"**  
 29 **has the meaning set forth in IC 36-1-8-18.**

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

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

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

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

37 **for or on qualified property.**

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

40 (A) **The imposition of a payment in lieu of taxes or the**  
 41 **payment of any other charge or user fee on qualified**  
 42 **property.**



1                   **(B) The assessment of property taxes imposed on qualified**  
2                   **property.**

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



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1180, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 4, delete "any of the following:" and insert "**property that:**

**(1) is located in a tax increment allocation area:**

**(A) before the designation of the area and the property has been continuously used since the date the area was designated for a purpose listed in subdivision (2); or**

**(B) that was donated for a purpose listed in subdivision (2); and**

**(2) is also any of the following:"**

Page 1, delete lines 5 through 9.

Page 1, line 10, delete "(3)", begin a new line double block indented and insert:

**"(A)".**

Page 1, line 10, delete "used for religious purposes described in" and insert "**exempt from taxation under**".

Page 1, delete lines 12 through 13.

Page 1, line 14, delete "(5)", begin a new line double block indented and insert:

**"(B)".**

Page 1, line 15, delete "(A)", begin a new line triple block indented and insert:

**"(i)".**

Page 1, line 15, delete "nonprofit private or parochial school;" and insert "**church or religious society exempt from taxation under IC 6-1.1-10-21;**".

Page 1, line 16, delete "(B)", begin a new line triple block indented and insert:

**"(ii)".**

Page 1, line 16, delete "described in".

Page 1, line 17, delete "IC 6-1.1-10-16".

Page 2, between lines 1 and 2, begin a new line double block indented and insert:



**"Tangible property used for educational purposes includes property used by teachers and students during the school day or for extracurricular activities, such as cafeterias, auditoriums, gymnasiums, offices, playgrounds, and recreational and athletic fields, and parking lots."**

and when so amended that said bill do pass.

(Reference is to HB 1180 as introduced.)

BROWN T

Committee Vote: yeas 21, nays 1.

