

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 ENROLLED ACT No. 1283

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AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 6-1.1-48 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]:

**Chapter 48. Urban Agricultural Zones**

**Sec. 1.** As used in this chapter, "agricultural products" has the meaning set forth in IC 15-12-1-3.

**Sec. 2.** As used in this chapter, "beginning farmer" refers to a beginning farmer as defined under 7 CFR 761.2 or as determined by the United States Department of Agriculture.

**Sec. 3.** As used in this chapter, "designating body" refers to the legislative body of a municipality.

**Sec. 4.** As used in this chapter, "limited resource farmer" refers to a farmer that qualifies as a limited resource farmer as determined by the United States Department of Agriculture.

**Sec. 5.** As used in this chapter, "municipality" has the meaning set forth in IC 36-1-2-11.

**Sec. 6.** As used in this chapter, "municipally owned utility" has the meaning set forth in IC 8-1-2-1.

**Sec. 7.** As used in this chapter, "partner organization" means a nonprofit organization that:

- (1) is exempt under Section 501(c)(3) of the Internal Revenue Code; and

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(2) has a mission or purpose that includes supporting one (1) of the following:

- (A) A small or medium sized farmer.
- (B) A beginning farmer.
- (C) A limited resource farmer.
- (D) A socially disadvantaged farmer.

Sec. 8. As used in this chapter, "qualifying farmer" means an individual or entity that is one (1) of the following:

- (1) A small or medium sized farmer.
- (2) A beginning farmer.
- (3) A limited resource farmer.
- (4) A socially disadvantaged farmer.

Sec. 9. As used in this chapter, "small or medium sized farmer" means a farmer that has obtained either:

- (1) a Direct Farm Operating Microloan; or
- (2) a Direct Farm Ownership Microloan;

administered by the United States Department of Agriculture Farm Service Agency.

Sec. 10. As used in this chapter, "socially disadvantaged farmer" refers to a socially disadvantaged farmer as defined under 7 CFR 761.2 or as determined by the United States Department of Agriculture.

Sec. 11. As used in this chapter, "urban agricultural zone" refers to an area designated under this chapter as an urban agricultural zone within which a qualifying farmer:

- (1) processes;
- (2) grows by horizontal or vertical methods;
- (3) raises; or
- (4) produces;

agricultural products on land. The term does not include rooftop gardening or farming practices that occur on the top of a building or residential home.

Sec. 12. (a) A qualifying farmer may apply to a designating body to have an area designated as an urban agricultural zone.

(b) An application under this section must demonstrate or identify the following:

- (1) That the applicant is a qualifying farmer.
- (2) The number of jobs to be created, maintained, or supported within the proposed urban agricultural zone.
- (3) The types of agricultural products to be produced within the proposed urban agricultural zone.
- (4) The geographic description of the area that will be



included in the proposed urban agricultural zone.

**Sec. 13. (a)** A designating body may not designate any land outside of its taxing jurisdiction as an urban agricultural zone.

**(b)** An area of land assessed as agricultural land under IC 6-1.1-4-13 or as a homestead (as defined in IC 6-1.1-12-37) may not be designated as an urban agricultural zone.

**Sec. 14. (a)** Before a designating body can designate an area as an urban agricultural zone, the designating body must set a date and time for a public hearing on the application of a qualifying farmer to have an area designated as an urban agricultural zone.

**(b)** At least thirty (30) days before a hearing held under this section, the designating body shall publish notice of the hearing in a newspaper of general circulation in the municipality containing the land that a qualifying farmer proposes be designated as an urban agricultural zone. The notice shall state the time, location, date, and purpose of the hearing.

**(c)** A designating body may continue a hearing under this section to another date.

**Sec. 15. (a)** At a public hearing held under section 14 of this chapter, a designating body shall allow any interested individual or representative to speak on any issues related to the designation of the urban agricultural zone. A designating body holding a public hearing shall also allow the filing of written comment or objection, which the designating body must consider before approving or disapproving a qualifying farmer's application.

**(b)** After considering the evidence, a designating body shall take final action determining whether to:

- (1)** approve a qualifying farmer's application; and
- (2)** designate an area as an urban agricultural zone.

As a condition of approval, the designating body may impose reasonable requirements upon the qualifying farmer.

**(c)** A designating body shall publish notice of its final decision in a newspaper of general circulation in the municipality containing the land that will be designated as an urban agricultural zone.

**(d)** As part of the approval of an application under this section, a designating body shall adopt an ordinance or resolution to designate an area as an urban agricultural zone.

**(e)** A designating body shall monitor an urban agricultural zone established under this chapter. If a designating body finds that a qualifying farmer or an urban agricultural zone is not in compliance with the requirements of this chapter or as reasonably



imposed in the ordinance or resolution adopted by the designating body, the designating body may dissolve the urban agricultural zone by ordinance or resolution. The designating body may not dissolve an urban agricultural zone without first issuing notice to the qualifying farmer and holding a hearing to provide the qualifying farmer an opportunity to be heard. Notice and a hearing under this subsection must comply with IC 4-21.5.

**Sec. 16.** A designating body may establish a committee to:

- (1) review and approve a qualifying farmer's application;
- (2) conduct hearings;
- (3) monitor the development of an urban agricultural zone; and
- (4) conduct meetings or business as necessary to carry out this chapter.

A committee established under this section is a public agency (as defined in IC 5-14-1.5-2) and must conduct its business in accordance with IC 5-14-1.5.

**Sec. 17. (a)** If a designating body designates an area of land as an urban agricultural zone, the designating body may by ordinance or resolution exempt land located partially or wholly within an urban agricultural zone from property taxation.

**(b)** Upon adopting an ordinance or resolution to exempt an area of land within an urban agricultural zone from property taxation, a designating body must state in the ordinance or resolution that:

- (1) the land may only be used for farming practices; and
- (2) if the land is not used for farming practices or used in any manner that is not in compliance with the requirements of this chapter or as reasonably imposed in the ordinance or resolution adopted by a designating body, then the land becomes subject to property tax.

**(c)** If a designating body dissolves an urban agricultural zone under section 15 of this chapter, the land within an area that had been designated as an urban agricultural zone and exempt from property taxation under this chapter is no longer exempt and becomes subject to property tax.

**(d)** A designating body may not exercise any of its powers to enact ordinances affecting an urban agricultural zone in a manner that would unreasonably restrict or regulate farming practices unless the restrictions or regulations bear a direct relationship to public health or safety.

**Sec. 18. (a)** A designating body may authorize a municipally owned utility to allow a qualifying farmer or partner organization



to pay wholesale or reduced rates for water, electricity, or utilities provided to an urban agricultural zone.

(b) A designating body may authorize a municipally owned utility to waive connection charges for electricity provided to an urban agricultural zone.

(c) A designating body may not impose special benefit taxes (as defined in IC 5-1-5-1(10)) for public services provided to an urban agricultural zone unless the special benefit tax was imposed before the designating body designated the urban agricultural zone.



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Speaker of the House of Representatives

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President of the Senate

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President Pro Tempore

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

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