

First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE ENROLLED ACT No. 1345

AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 6-1.1-4-12, AS AMENDED BY P.L.118-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2020]: Sec. 12. (a) As used in this section, "land developer" means a person that holds land for sale in the ordinary course of the person's trade or business. The term includes a financial institution (as defined in IC 28-1-1-3(1)) if the financial institution's land in inventory is purchased, acquired, or held for one (1) or more of the purposes established under IC 28-1-11-5(a)(2), IC 28-1-11-5(a)(3), and IC 28-1-11-5(a)(4).

(b) As used in this section, "land in inventory" means:

(1) a lot; or

(2) a tract that has not been subdivided into lots;

to which a land developer holds title in the ordinary course of the land developer's trade or business.

(c) As used in this section, "title" refers to legal or equitable title, including the interest of a contract purchaser.

(d) For purposes of this section, land purchased, acquired, or held by a financial institution for one (1) or more of the purposes established under IC 28-1-11-5(a)(2), IC 28-1-11-5(a)(3), and IC 28-1-11-5(a)(4) is considered held for sale in the ordinary course of the financial institution's trade or business.

(e) Except as provided in subsections (i), ~~and (j)~~, **and (k)**, if:

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(1) land assessed on an acreage basis is subdivided into lots; or
 (2) land is rezoned for, or put to, a different use;
 the land shall be reassessed on the basis of its new classification.

(f) If improvements are added to real property, the improvements shall be assessed.

(g) An assessment or reassessment made under this section is effective on the next assessment date.

(h) No petition to the department of local government finance is necessary with respect to an assessment or reassessment made under this section.

(i) **Except as provided in subsection (k) and** subject to subsection (j), land in inventory may not be reassessed until the next assessment date following the earliest of:

(1) the date on which title to the land is transferred by:

(A) the land developer; or

(B) a successor land developer that acquires title to the land; to a person that is not a land developer;

(2) the date on which construction of a structure begins on the land; or

(3) the date on which a building permit is issued for construction of a building or structure on the land.

(j) Subsection (i) applies regardless of whether the land in inventory is rezoned while a land developer holds title to the land.

(k) This subsection applies to land in inventory that a for-profit land developer acquires from a school corporation or a local unit of government (as defined in IC 14-22-31.5-1). Land in inventory to which this subsection applies shall be assessed on the first assessment date immediately following the date on which the land developer acquires title to the land in inventory. Notwithstanding section 13(a) of this chapter, land in inventory to which this subsection applies is considered to be devoted to agricultural use and shall be assessed at the agricultural land base rate. After the initial assessment under this subsection, land in inventory to which this subsection applies shall be reassessed in accordance with subsection (i).

SECTION 2. IC 6-1.1-10-16, AS AMENDED BY P.L.181-2016, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]: Sec. 16. (a) All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.

(b) A building is exempt from property taxation if it is owned,

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occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

(c) A tract of land, including the campus and athletic grounds of an educational institution, is exempt from property taxation if:

(1) a building that is exempt under subsection (a) or (b) is situated on it;

(2) a parking lot or structure that serves a building referred to in subdivision (1) is situated on it; or

(3) the tract:

(A) is owned by a nonprofit entity established for the purpose of retaining and preserving land and water for their natural characteristics;

(B) does not exceed five hundred (500) acres; and

(C) is not used by the nonprofit entity to make a profit.

(d) A tract of land is exempt from property taxation if:

(1) it is purchased for the purpose of erecting a building that is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); and

(2) not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the erection of the intended building and use of the tract for the exempt purpose. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within eight (8) years considering the circumstances of the owner.

If the owner of the property sells, leases, or otherwise transfers a tract of land that is exempt under this subsection, the owner is liable for the property taxes that were not imposed upon the tract of land during the period beginning January 1 of the fourth year following the purchase

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of the property and ending on December 31 of the year of the sale, lease, or transfer. The county auditor of the county in which the tract of land is located may establish an installment plan for the repayment of taxes due under this subsection. The plan established by the county auditor may allow the repayment of the taxes over a period of years equal to the number of years for which property taxes must be repaid under this subsection.

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

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

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

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

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

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

(i) ~~The exemption provided in this subsection applies only for an assessment date occurring before January 2, 2017.~~ A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

- (1) the tract is acquired for the purpose of erecting, renovating, or

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improving a single family residential structure that is to be given away or sold:

- (A) in a charitable manner;
- (B) by a nonprofit organization; and
- (C) to low income individuals who will:
 - (i) use the land as a family residence; and
 - (ii) not have an exemption for the land under this section;
- (2) the tract does not exceed three (3) acres; and
- (3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section.

~~This subsection expires January 1, 2028.~~

- (j) An exemption under subsection (i) terminates
 - ~~(1) when the property is conveyed by the nonprofit organization to another owner. or~~
 - ~~(2) January 2, 2017;~~

~~whichever occurs first. This subsection expires January 1, 2028.~~

(k) When property that is exempt in any year under subsection (i) is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the auditor of the county, notifying the auditor of the change not later than sixty (60) days after the date of the conveyance. The county auditor shall immediately forward a copy of the certified statement to the county assessor. A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

(l) If property is granted an exemption in any year under subsection (i) and the owner:

- (1) fails to transfer the tangible property within eight (8) years after the assessment date for which the exemption is initially granted; or
- (2) transfers the tangible property to a person who:
 - (A) is not a low income individual; or
 - (B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

the person receiving the exemption shall notify the county recorder and the county auditor of the county in which the property is located not later than sixty (60) days after the event described in subdivision (1) or (2) occurs. The county auditor shall immediately inform the county assessor of a notification received under this subsection. ~~This subsection expires January 1, 2028.~~

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(m) If subsection (l)(1) or (l)(2) applies, the owner shall pay, not later than the date that the next installment of property taxes is due, an amount equal to the sum of the following:

- (1) The total property taxes that, if it were not for the exemption under subsection (i), would have been levied on the property in each year in which an exemption was allowed.
- (2) Interest on the property taxes at the rate of ten percent (10%) per year.

~~This subsection expires January 1, 2028.~~

(n) The liability imposed by subsection (m) is a lien upon the property receiving the exemption under subsection (i). An amount collected under subsection (m) shall be collected as an excess levy. If the amount is not paid, it shall be collected in the same manner that delinquent taxes on real property are collected. ~~This subsection expires January 1, 2028.~~

(o) Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

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

SECTION 3. IC 6-1.1-10-48 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 48. (a) This section applies to assessment dates occurring after December 31, 2016.**

(b) Tangible property is exempt from property taxation if:

- (1) it is owned by an Indiana nonprofit public benefit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;**
- (2) the property is used in the operation of a nonprofit health, fitness, aquatics, and community center; and**
- (3) funds for the acquisition and development of the property have been provided in part under the regional cities initiative of the Indiana economic development corporation under IC 5-28-38.**

(c) The property that is exempt under this section also includes any part of the property that is leased or licensed by the owner to



another nonprofit or municipal entity for use as a nonprofit health, fitness, aquatics, or community center and property used for storage and parking.

(d) For purposes of this section, a tract of land and any improvements on the land are exempt from taxation if not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the use of the tract of land and any improvements on the tract as a nonprofit health, fitness, aquatics, and community center. To establish substantial progress and active pursuit under this subsection, the owner must prove the existence of factors such as the following:

- (1) Organization of and activity by a building committee or other oversight group.
- (2) Completion and filing of building plans with the appropriate local government authority.
- (3) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe actual construction can and will begin within four (4) years.
- (4) The breaking of ground and the beginning of actual construction.
- (5) Any other factor that would lead a reasonable individual to believe that construction of the improvement is an active plan and that the improvement is capable of being completed within eight (8) years considering the circumstances of the owner.

(e) To the extent the owner of property that is exempt from taxation as provided in this section has paid any property taxes, penalties, or interest with respect to the property for the 2017 assessment date through the 2018 assessment date, the owner of the exempt property is entitled to a refund of the amounts paid on the exempt property. Notwithstanding the filing deadlines for a claim under IC 6-1.1-26, any claim for a refund filed by the owner of exempt property under this subsection before September 1, 2019, is considered timely filed. The county auditor shall pay the refund due under this subsection in one (1) installment.

(f) If a refund is due under subsection (e) to an owner of property that is exempt under this section, the owner is not entitled to interest on the refund under this article or any other law to the extent interest has not been paid by or on behalf of the owner.

SECTION 4. [EFFECTIVE JANUARY 1, 2018 (RETROACTIVE)]

(a) IC 6-1.1-10-16, as amended by this act, applies only to

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assessment dates occurring after December 31, 2017.

(b) This SECTION expires July 1, 2021.

SECTION 5. An emergency is declared for this act.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

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