

HOUSE BILL No. 1396

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10.

Synopsis: Exempt hospital property. Provides that for hospital property not used for inpatient services to be exempt from property taxation the property must be located in the same county as the hospital's inpatient facility and the hospital must satisfy the charitable purpose requirements.

Effective: January 1, 2019.

GiaQuinta

January 16, 2018, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

HOUSE BILL No. 1396

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.181-2016,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2019]: Sec. 16. (a) All or part of a building is exempt
4 from property taxation if it is owned, occupied, and used by a person
5 for educational, literary, scientific, religious, or charitable purposes.
6 (b) A building is exempt from property taxation if it is owned,
7 occupied, and used by a town, city, township, or county for educational,
8 literary, scientific, fraternal, or charitable purposes.
9 (c) A tract of land, including the campus and athletic grounds of an
10 educational institution, is exempt from property taxation if:
11 (1) a building that is exempt under subsection (a) or (b) is situated
12 on it;
13 (2) a parking lot or structure that serves a building referred to in
14 subdivision (1) is situated on it; or
15 (3) the tract:
16 (A) is owned by a nonprofit entity established for the purpose
17 of retaining and preserving land and water for their natural



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



1 subsection (a), (b), or (e) shall remain exempt from property taxation
 2 even if the property is used in part to furnish goods or services to
 3 another hospital whose property qualifies for exemption under this
 4 section.

5 (g) Property owned by a shared hospital services organization that
 6 is exempt from federal income taxation under Section 501(c)(3) or
 7 501(e) of the Internal Revenue Code is exempt from property taxation
 8 if it is owned, occupied, and used exclusively to furnish goods or
 9 services to a hospital whose property is exempt from property taxation
 10 under subsection (a), (b), or (e).

11 (h) ~~This section does not exempt from property tax an office or a~~
 12 ~~practice of a physician or group of physicians~~ **Property** that is owned
 13 by a hospital licensed under IC 16-21-2 ~~or other property that is not an~~
 14 ~~inpatient facility is exempt under this section only if all of the~~
 15 **following conditions are satisfied:**

16 **(1) The requirements of subsection (a) are satisfied by the**
 17 **hospital.**

18 **(2) The property is:**

19 **(A) located in the same county as the inpatient facility of**
 20 **the hospital; and**

21 **(B) not** substantially related to or supportive of the inpatient
 22 facility of the hospital. ~~unless the office, practice, or other~~
 23 ~~property~~

24 **(3) The property:**

25 ~~(1)~~ **(A)** provides or supports the provision of charity care (as
 26 defined in IC 16-18-2-52.5), including providing funds or
 27 other financial support for health care services for individuals
 28 who are indigent (as defined in IC 16-18-2-52.5(b) and
 29 IC 16-18-2-52.5(c)); or

30 ~~(2)~~ **(B)** provides or supports the provision of community
 31 benefits (as defined in IC 16-21-9-1), including research,
 32 education, or government sponsored indigent health care (as
 33 defined in IC 16-21-9-2).

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

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

41 (1) the tract is acquired for the purpose of erecting, renovating, or
 42 improving a single family residential structure that is to be given



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

11 This subsection expires January 1, 2028.

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

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

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

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

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

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

42 (m) If subsection (l)(1) or (l)(2) applies, the owner shall pay, not



1 later than the date that the next installment of property taxes is due, an
2 amount equal to the sum of the following:

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

8 This subsection expires January 1, 2028.

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

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

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

26 SECTION 2. IC 6-1.1-10-18.5, AS AMENDED BY P.L.197-2011,
27 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JANUARY 1, 2019]: Sec. 18.5. (a) This section does not exempt from
29 property tax an office or a practice of a physician or group of
30 physicians that is owned by a hospital licensed under IC 16-21-2 or
31 other property that is not substantially related to or supportive of the
32 inpatient facility of the hospital unless the office, practice, or other
33 property:

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

42 However, participation in the Medicaid or Medicare program, alone;



1 does not entitle an office, a practice, or other property described in this
2 subsection to an exemption under this section:

3 (b) (a) Tangible property is exempt from property taxation if it is:

4 (1) owned by an Indiana nonprofit corporation; and

5 (2) used by that corporation in the operation of:

6 (A) a hospital licensed under IC 16-21 **and the tangible**
7 **property is located in the same county as the inpatient**
8 **facility of the hospital;**

9 (B) a health facility licensed under IC 16-28; ~~or in the~~
10 ~~operation of~~

11 (C) a residential facility for the aged and licensed under
12 IC 16-28; or ~~in the operation of~~

13 (D) a Christian Science home or sanatorium.

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

