



March 30, 2001

**ENGROSSED
HOUSE BILL No. 1206**

DIGEST OF HB 1206 (Updated March 29, 2001 10:12 AM - DI 101)

Citations Affected: IC 5-20; IC 6-1.1; IC 36-1; IC 36-3; noncode.

Synopsis: PILOTS dedicated to low income housing trust fund. Establishes a property tax exemption for real property that was constructed, rehabilitated, or acquired after December 31, 2001, to provide housing to income eligible persons under the federal low income housing tax credit program. Permits the governing body of a political subdivision to enter into agreements concerning payments in lieu of taxes for the same real property, and provides that the payments are to be deposited in the political subdivision's affordable housing fund.

Effective: July 1, 2001; January 1, 2002.

Crawford

(SENATE SPONSORS — LONG, HOWARD)

January 9, 2001, read first time and referred to Committee on Human Affairs.
January 30, 2001, amended, reported — Do Pass; referred to Committee on Ways and Means pursuant to House Rule 127.
February 26, 2001, reported — Do Pass.
March 5, 2001, read second time, ordered engrossed. Engrossed.
March 6, 2001, read third time, passed. Yeas 92, nays 4.

SENATE ACTION

March 13, 2001, read first time and referred to Committee on Finance.
March 29, 2001, amended, reported favorably — Do Pass.

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March 30, 2001

First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

ENGROSSED HOUSE BILL No. 1206

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 5-20-5-15.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]: **Sec. 15.5. (a) The governing body of an eligible
4 entity that receives a grant under this chapter shall, by resolution,
5 establish an affordable housing fund to be administered, subject to
6 the terms of the resolution, by a department, a division, or an
7 agency designated by the governing body.**
8 **(b) The affordable housing fund consists of:**
9 **(1) payments in lieu of taxes deposited in the fund under
10 IC 36-1-8-14.2;**
11 **(2) gifts and grants to the fund;**
12 **(3) investment income earned on the fund's assets; and**
13 **(4) other funds from sources approved by the commission.**
14 **(c) The governing body shall, by resolution, establish uses for
15 the affordable housing fund. However, the uses must be limited to:**
16 **(1) providing financial assistance to those individuals and
17 families whose income is at or below eighty percent (80%) of**

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1 the county's median income for individuals and families,
 2 respectively, to enable those individuals and families to
 3 purchase or lease residential units within the county;

4 (2) paying expenses of administering the fund;

5 (3) making grants, loans, and loan guarantees for the
 6 development, rehabilitation, or financing of affordable
 7 housing for individuals and families whose income is at or
 8 below eighty percent (80%) of the county's median income for
 9 individuals and families, respectively, including the elderly,
 10 persons with disabilities, and homeless individuals and
 11 families; and

12 (4) providing technical assistance to nonprofit developers of
 13 affordable housing.

14 (d) The county treasurer shall invest the money in the fund not
 15 currently needed to meet the obligations of the fund in the same
 16 manner as other public funds may be invested.

17 SECTION 2. IC 6-1.1-10-16.7, AS ADDED BY P.L.19-2000,
 18 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JANUARY 1, 2002]: Sec. 16.7. Real property is exempt from property
 20 taxation if:

21 (1) the real property is located within a county containing a
 22 consolidated city;

23 (2) the real property is owned by an Indiana corporation;

24 (3) (1) the improvements on the real property were constructed,
 25 rehabilitated, or acquired for the purpose of providing housing to
 26 income eligible persons under the federal low income housing tax
 27 credit program under 26 U.S.C. 42;

28 (4) (2) the real property is subject to an extended use agreement
 29 under 26 U.S.C. 42 as administered by the Indiana housing
 30 finance authority; and

31 (5) (3) the owner of the property has entered into an agreement to
 32 make payments in lieu of taxes under IC 36-1-8-14.2 or
 33 IC 36-3-2-11.

34 SECTION 3. IC 36-1-8-14.2 IS ADDED TO THE INDIANA CODE
 35 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2002]: Sec. 14.2. (a) As used in this section, the
 37 following terms have the meanings set forth in IC 6-1.1-1:

38 (1) Assessed value.

39 (2) Exemption.

40 (3) Owner.

41 (4) Person.

42 (5) Property taxation.

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- (6) Real property.**
 - (7) Township assessor.**
 - (b) As used in this section, "PILOTS" means payments in lieu of taxes.**
 - (c) As used in this section, "property owner" means the owner of real property described in IC 6-1.1-10-16.7.**
 - (d) Subject to the approval of a property owner, the governing body of a political subdivision may adopt an ordinance to require the property owner to pay PILOTS at times set forth in the ordinance with respect to real property that is subject to an exemption under IC 6-1.1-10-16.7, if the improvements that qualify the real property for an exemption were begun or acquired after December 31, 2001. The ordinance remains in full force and effect until repealed or modified by the governing body, subject to the approval of the property owner.**
 - (e) The PILOTS must be calculated so that the PILOTS are in an amount equal to the amount of property taxes that would have been levied by the governing body for the political subdivision upon the real property described in subsection (d) if the property were not subject to an exemption from property taxation.**
 - (f) PILOTS shall be imposed as are property taxes and shall be based on the assessed value of the real property described in subsection (d). The township assessors shall assess the real property described in subsection (d) as though the property were not subject to an exemption.**
 - (g) PILOTS collected under this section shall be deposited in the affordable housing fund established under IC 5-20-5-15.5 and used for any purpose for which the affordable housing fund may be used.**
 - (h) PILOTS shall be due as set forth in the ordinance and bear interest, if unpaid, as in the case of other taxes on property. PILOTS shall be treated in the same manner as taxes for purposes of all procedural and substantive provisions of law.**
 - (i) This section does not apply to a county that contains a consolidated city or to a political subdivision of the county.**
- SECTION 4. IC 36-3-2-11, AS ADDED BY P.L.19-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) As used in this section, the following terms have the meanings set forth in IC 6-1.1-1:
- (1) Assessed value.
 - (2) Exemption.
 - (3) Owner.

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- 1 (4) Person.
- 2 (5) Property taxation.
- 3 (6) Real property.
- 4 (7) Township assessor.
- 5 (b) As used in this section, "PILOTS" means payments in lieu of
- 6 taxes.
- 7 (c) As used in this section, "property owner" means the owner of
- 8 real property described in IC 6-1.1-10-16.7 **that is located in a county**
- 9 **with a consolidated city.**
- 10 (d) Subject to the approval of a property owner, the legislative body
- 11 of the consolidated city may adopt an ordinance to require the property
- 12 owner to pay PILOTS at times set forth in the ordinance with respect
- 13 to real property that is subject to an exemption under IC 6-1.1-10-16.7.
- 14 The ordinance remains in full force and effect until repealed or
- 15 modified by the legislative body, subject to the approval of the property
- 16 owner.
- 17 (e) The PILOTS must be calculated so that the PILOTS are in an
- 18 amount equal to the amount of property taxes that would have been
- 19 levied by the legislative body for the consolidated city and county upon
- 20 the real property described in subsection (d) if the property were not
- 21 subject to an exemption from property taxation.
- 22 (f) PILOTS shall be imposed as are property taxes and shall be
- 23 based on the assessed value of the real property described in subsection
- 24 (d). The township assessors shall assess the real property described in
- 25 subsection (d) as though the property were not subject to an exemption.
- 26 (g) PILOTS collected under this section shall be deposited in the
- 27 housing trust fund established under IC 36-7-15.1-35.5 and used for
- 28 any purpose for which the housing trust fund may be used.
- 29 (h) PILOTS shall be due as set forth in the ordinance and bear
- 30 interest, if unpaid, as in the case of other taxes on property. PILOTS
- 31 shall be treated in the same manner as taxes for purposes of all
- 32 procedural and substantive provisions of law.
- 33 **SECTION 5. [EFFECTIVE JANUARY 1, 2002] IC 6-1.1-10-16.7,**
- 34 **as amended by this act, applies to property taxes first due and**
- 35 **payable after December 31, 2001.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Human Affairs, to which was referred House Bill 1206, 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, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-20-5-15.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 15.5. (a) The governing body of an eligible entity that receives a grant under this chapter shall, by resolution, establish an affordable housing fund to be administered, subject to the terms of the resolution, by a department, a division, or an agency designated by the governing body.**

(b) The affordable housing fund consists of:

- (1) payments in lieu of taxes deposited in the fund under IC 36-1-8-14;**
- (2) gifts and grants to the fund;**
- (3) investment income earned on the fund's assets; and**
- (4) other funds from sources approved by the commission.**

(c) The governing body shall, by resolution, establish uses for the affordable housing fund. However, the uses must be limited to:

- (1) providing financial assistance to those individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, to enable those individuals and families to purchase or lease residential units within the county;**
- (2) paying expenses of administering the fund;**
- (3) making grants, loans, and loan guarantees for the development, rehabilitation, or financing of affordable housing for individuals and families whose income is at or below eighty percent (80%) of the county's median income for individuals and families, respectively, including the elderly, persons with disabilities, and homeless individuals and families; and**
- (4) providing technical assistance to nonprofit developers of affordable housing.**

(d) The county treasurer shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested."

Page 1, line 7, delete "(1)".

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Page 1, line 7, strike "the real property is owned by an Indiana corporation;"

Page 1, line 8, delete "(2)" and insert "(1)".

Page 1, line 12, delete "(3)" and insert "(2)".

Page 1, line 15, delete "(4)" and insert "(3)".

Page 2, line 19, delete "." and insert ", **if the improvements that qualify the real property for an exemption were begun or acquired after December 31, 2001.**".

Page 2, line 33, delete "low income housing trust fund" and insert "**affordable housing fund**".

Page 2, line 33, delete "IC 5-20-4" and insert "**IC 5-20-5-15.5**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1206 as introduced.)

SUMMERS, Chair

Committee Vote: yeas 13, nays 1.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1206, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 23, nays 0.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred House Bill No. 1206, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 10, delete "36-1-8-14;" and insert "**36-1-8-14.2;**".

Page 2, line 32, after "under" insert "**IC 36-1-8-14.2 or**".

Page 2, line 33, delete "36-1-8-14" and insert "36-1-8-14.2".

Page 2, line 35, delete "14." and insert "**14.2.**".

Page 3, line 27, delete "low income housing trust" and insert "**affordable housing**".

and when so amended that said bill do pass.

(Reference is to HB 1206 as printed February 27, 2001.)

BORST, Chairperson

Committee Vote: Yeas 14, Nays 0.

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