

**CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 19**

Citations Affected: IC 6-1.1-10-16; IC 6-1.1-10-21; IC 14-33-7-4.

Synopsis: Property tax exemptions for certain organizations. Provides that the 150 acre property tax exemption for educational institutions also applies to a tract of land that: (1) contains a building owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes; or (2) contains a building used for religious worship. Preserves the 15 acre limitation for a tract of land that contains a parsonage and the 200 acre limitation for a 4-H fairgrounds. Allows a church or religious institution to file a claim for a refund for taxes due and payable in 2001. Imposes a moratorium on the possible taxation of organizations that have not previously been taxed under existing law. Establishes an interim study committee to study tax exemptions granted to exempt organizations. Prescribes the membership of the committee. (This conference committee report: (1) provides that the 150 acre property tax exemption for educational institutions also applies to a tract of land that contains a building owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes or contains a building used for religious worship; (2) preserves the 15 acre limitation for a tract of land that contains a parsonage and the 200 acre limitation for a 4-H fairgrounds; (3) allows a church or religious institution to file a claim for a refund for taxes due and payable in 2001; (4) imposes a moratorium on the possible taxation of organizations that have not previously been taxed under existing law; and (5) prescribes the membership of the interim study committee.)

Effective: Upon passage; March 1, 2000 (retroactive).

Adopted

Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 19 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 6-1.1-10-16, AS AMENDED BY P.L.198-2001,
4 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 MARCH 1, 2000 (RETROACTIVE)]: Sec. 16. (a) All or part of a
6 building is exempt from property taxation if it is owned, occupied, and
7 used by a person for educational, literary, scientific, religious, or
8 charitable purposes.
9 (b) A building is exempt from property taxation if it is owned,
10 occupied, and used by a town, city, township, or county for educational,
11 literary, scientific, fraternal, or charitable purposes.
12 (c) A tract of land, including the campus and athletic grounds of an
13 educational institution, is exempt from property taxation if:
14 (1) a building ~~which that~~ is exempt under subsection (a) or (b) is
15 situated on it; and
16 (2) the tract does not exceed:
17 (A) one hundred fifty (150) acres; ~~in the case of:~~
18 (i) ~~an educational institution;~~
19 (ii) ~~a tract that was exempt under this subsection on March 1,~~
20 ~~1987;~~ or
21 (B) two hundred (200) acres in the case of a local association

- 1 formed for the purpose of promoting 4-H programs. ~~or~~
 2 ~~(C) fifteen (15) acres in all other cases.~~
- 3 (d) A tract of land is exempt from property taxation if:
- 4 (1) it is purchased for the purpose of erecting a building **which that**
 5 is to be owned, occupied, and used in such a manner that the
 6 building will be exempt under subsection (a) or (b);
- 7 (2) the tract does not exceed:
- 8 (A) one hundred fifty (150) acres; ~~in the case of:~~
 9 ~~(i) an educational institution; or~~
 10 ~~(ii) a tract that was exempt under this subsection on March 1,~~
 11 ~~1987;~~
- 12 (B) two hundred (200) acres in the case of a local association
 13 formed for the purpose of promoting 4-H programs; ~~or~~
 14 ~~(C) fifteen (15) acres in all other cases; and~~
- 15 (3) not more than three (3) years after the property is purchased,
 16 and for each year after the three (3) year period, the owner
 17 demonstrates substantial progress towards the erection of the
 18 intended building and use of the tract for the exempt purpose. To
 19 establish that substantial progress is being made, the owner must
 20 prove the existence of factors such as the following:
- 21 (A) Organization of and activity by a building committee or
 22 other oversight group.
- 23 (B) Completion and filing of building plans with the appropriate
 24 local government authority.
- 25 (C) Cash reserves dedicated to the project of a sufficient amount
 26 to lead a reasonable individual to believe the actual construction
 27 can and will begin within three (3) years.
- 28 (D) The breaking of ground and the beginning of actual
 29 construction.
- 30 (E) Any other factor that would lead a reasonable individual to
 31 believe that construction of the building is an active plan and
 32 that the building is capable of being completed within six (6)
 33 years considering the circumstances of the owner.
- 34 (e) Personal property is exempt from property taxation if it is owned
 35 and used in such a manner that it would be exempt under subsection (a)
 36 or (b) if it were a building.
- 37 (f) A hospital's property **which that** is exempt from property taxation
 38 under subsection (a), (b), or (e) shall remain exempt from property
 39 taxation even if the property is used in part to furnish goods or services
 40 to another hospital whose property qualifies for exemption under this
 41 section.
- 42 (g) Property owned by a shared hospital services organization **which**
 43 **that** is exempt from federal income taxation under Section 501(c)(3)
 44 or 501(e) of the Internal Revenue Code is exempt from property
 45 taxation if it is owned, occupied, and used exclusively to furnish goods
 46 or services to a hospital whose property is exempt from property
 47 taxation under subsection (a), (b), or (e).
- 48 (h) This section does not exempt from property tax an office or a
 49 practice of a physician or group of physicians that is owned by a
 50 hospital licensed under IC 16-21-1 or other property that is not
 51 substantially related to or supportive of the inpatient facility of the

- 1 hospital unless the office, practice, or other property:
- 2 (1) provides or supports the provision of charity care (as defined
- 3 in IC 16-18-2-52.5), including providing funds or other financial
- 4 support for health care services for individuals who are indigent (as
- 5 defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or
- 6 (2) provides or supports the provision of community benefits (as
- 7 defined in IC 16-21-9-1), including research, education, or
- 8 government sponsored indigent health care (as defined in
- 9 IC 16-21-9-2).
- 10 However, participation in the Medicaid or Medicare program alone
- 11 does not entitle an office, practice, or other property described in this
- 12 subsection to an exemption under this section.
- 13 (i) A tract of land or a tract of land plus all or part of a structure on
- 14 the land is exempt from property taxation if:
- 15 (1) the tract is acquired for the purpose of erecting, renovating, or
- 16 improving a single family residential structure that is to be given
- 17 away or sold:
- 18 (A) in a charitable manner;
- 19 (B) by a nonprofit organization; and
- 20 (C) to low income individuals who will:
- 21 (i) use the land as a family residence; and
- 22 (ii) not have an exemption for the land under this section;
- 23 (2) the tract does not exceed three (3) acres;
- 24 (3) the tract of land or the tract of land plus all or part of a structure
- 25 on the land is not used for profit while exempt under this section;
- 26 and
- 27 (4) not more than three (3) years after the property is acquired for
- 28 the purpose described in subdivision (1), and for each year after
- 29 the three (3) year period, the owner demonstrates substantial
- 30 progress towards the erection, renovation, or improvement of the
- 31 intended structure. To establish that substantial progress is being
- 32 made, the owner must prove the existence of factors such as the
- 33 following:
- 34 (A) Organization of and activity by a building committee or
- 35 other oversight group.
- 36 (B) Completion and filing of building plans with the appropriate
- 37 local government authority.
- 38 (C) Cash reserves dedicated to the project of a sufficient amount
- 39 to lead a reasonable individual to believe the actual construction
- 40 can and will begin within six (6) years of the initial exemption
- 41 received under this subsection.
- 42 (D) The breaking of ground and the beginning of actual
- 43 construction.
- 44 (E) Any other factor that would lead a reasonable individual to
- 45 believe that construction of the structure is an active plan and
- 46 that the structure is capable of being:
- 47 (i) completed; and
- 48 (ii) transferred to a low income individual who does not
- 49 receive an exemption under this section;
- 50 within six (6) years considering the circumstances of the owner.
- 51 (j) An exemption under subsection (i) terminates when the property

1 is conveyed by the nonprofit organization to another owner. When the
 2 property is conveyed to another owner, the nonprofit organization
 3 receiving the exemption must file a certified statement with the auditor
 4 of the county, notifying the auditor of the change not later than sixty
 5 (60) days after the date of the conveyance. The county auditor shall
 6 immediately forward a copy of the certified statement to the county
 7 assessor. A nonprofit organization that fails to file the statement
 8 required by this subsection is liable for the amount of property taxes
 9 due on the property conveyed if it were not for the exemption allowed
 10 under this chapter.

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

13 (1) ceases to be eligible for the exemption under subsection (i)(4);

14 (2) fails to transfer the tangible property within six (6) years after
 15 the assessment date for which the exemption is initially granted; or

16 (3) transfers the tangible property to a person who:

17 (A) is not a low income individual; or

18 (B) does not use the transferred property as a residence for at
 19 least one (1) year after the property is transferred;

20 the person receiving the exemption shall notify the county recorder and
 21 the county auditor of the county in which the property is located not
 22 later than sixty (60) days after the event described in subdivision (1),
 23 (2), or (3) occurs. The county auditor shall immediately inform the
 24 county assessor of a notification received under this subsection.

25 (l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay,
 26 not later than the date that the next installment of property taxes is due,
 27 an amount equal to the sum of the following:

28 (1) The total property taxes that, if it were not for the exemption
 29 under subsection (i), would have been levied on the property in
 30 each year in which an exemption was allowed.

31 (2) Interest on the property taxes at the rate of ten percent (10%)
 32 per year.

33 (m) The liability imposed by subsection (l) is a lien upon the property
 34 receiving the exemption under subsection (i). An amount collected
 35 under subsection (l) shall be collected as an excess levy. If the amount
 36 is not paid, it shall be collected in the same manner that delinquent
 37 taxes on real property are collected.

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

40 SECTION 2. IC 6-1.1-10-21, AS AMENDED BY P.L.198-2001,
 41 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 MARCH 1, 2000 (RETROACTIVE)]: Sec. 21. (a) The following
 43 tangible property is exempt from property taxation if it is owned by, or
 44 held in trust for the use of, a church or religious society:

45 (1) A building ~~which that~~ is used for religious worship.

46 ~~(2) Buildings that are used as parsonages.~~

47 ~~(3) (2) The pews and furniture contained within a building which~~
 48 **that** is used for religious worship.

49 ~~(4) (3) The tract of land not exceeding fifteen (15) one hundred~~
 50 **fifty (150) acres, upon which a building described in this section**
 51 **that is used for religious worship** is situated.

1 **(b) The following tangible property is exempt from property**
 2 **taxation if it is owned by, or held in trust for the use of, a church or**
 3 **religious society:**

4 **(1) A building that is used as a parsonage.**

5 **(2) The tract of land, not exceeding fifteen (15) acres, upon**
 6 **which a building that is used as a parsonage is situated.**

7 ~~(b)~~ **(c)** To obtain an exemption for parsonages, a church or religious
 8 society must provide the county auditor with an affidavit at the time the
 9 church or religious society applies for the exemptions. The affidavit
 10 must state that:

11 (1) all parsonages are being used to house one (1) of the church's
 12 or religious society's rabbis, priests, preachers, ministers, or
 13 pastors; and

14 (2) none of the parsonages are being used to make a profit.

15 The affidavit shall be signed under oath by the church's or religious
 16 society's head rabbi, priest, preacher, minister, or pastor. The county
 17 auditor shall immediately forward a copy of the affidavit to the county
 18 assessor.

19 ~~(c)~~ **(d)** Property referred to in this section shall be assessed to the
 20 extent required under IC 6-1.1-11-9.

21 SECTION 3. IC 14-33-7-4 IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE MARCH 1, 2000 (RETROACTIVE)]: Sec. 4. (a) This
 23 section applies to the following tangible property owned by or held in
 24 trust for the use of a church or religious society:

25 (1) A building that is used for religious worship.

26 (2) A building that is used as a parsonage.

27 (3) The pews and furniture contained within a building that is used
 28 for religious worship.

29 **(4) The land, not exceeding one hundred fifty (150) acres, upon**
 30 **which a building that is used for religious worship is situated.**

31 **(5) The land not exceeding fifteen (15) acres, upon which a**
 32 **building described in this section that is used as a parsonage is**
 33 **situated.**

34 (b) Property is exempt from the special benefits tax that may be
 35 imposed under:

36 (1) IC 14-33-6-13 and section 1 of this chapter; or

37 (2) IC 14-33-21-5;

38 to the extent that the special benefits tax revenue will be used for the
 39 construction or improvement of a water impoundment project,
 40 including a lake, pond, or dam.

41 (c) To obtain an exemption for a parsonage, a church or religious
 42 society must provide the county auditor with an affidavit at the time the
 43 church or religious society applies for the exemption. The affidavit
 44 must:

45 (1) state:

46 (A) that all parsonages are being used to house one (1) of the
 47 church's or religious society's rabbis, priests, preachers,
 48 ministers, or pastors; and

49 (B) that none of the parsonages are being used to make a profit;
 50 and

51 (2) be signed under oath or affirmation by the church's or religious

1 society's head rabbi, priest, preacher, minister, pastor, or designee
2 of the official church body.

3 SECTION 4. [EFFECTIVE UPON PASSAGE] (a) Under
4 IC 6-1.1-10-16, as amended by this act, a church or religious
5 institution may file a claim with the county auditor for a refund for
6 the payment of property taxes due and payable in 2001. The claim
7 shall be filed as set forth in IC 6-1.1-26-1, except that the claim
8 shall be based upon the ground that the assessment of the property
9 must be computed as set forth in IC 6-1.1-10-16, as amended by
10 this act.

11 (b) Upon receiving a claim filed under this SECTION, the county
12 auditor shall determine whether the claim is correct. If the county
13 auditor determines that the claim is correct, the auditor shall,
14 without an appropriation being required, issue a warrant to the
15 claimant payable from the county general fund for the amount due
16 the claimant under this SECTION.

17 (c) The amount of the refund shall equal the amount of the claim
18 so allowed, plus interest at six percent (6%) from the date on which
19 the taxes were paid or payable, whichever is later, to the date of the
20 refund.

21 (d) This SECTION expires July 1, 2003.

22 SECTION 5. [EFFECTIVE MARCH 1, 2000 (RETROACTIVE)] (a)
23 Notwithstanding any other law, the following property is exempt
24 from property taxation:

25 (1) A tract of land on which a building that is owned, occupied,
26 or used by a:

27 (A) person for educational, literary, scientific, religious, or
28 charitable purposes; or

29 (B) town, city, township, or county for educational, literary,
30 scientific, fraternal, or charitable purposes.

31 (2) A tract of land that is purchased for the purpose of erecting
32 a building that is to be owned, occupied, and used in such a
33 manner that the building would be exempt under subdivision
34 (1).

35 (3) Personal property that is owned and used in such a manner
36 that it would be exempt under subdivision (1) if it were a
37 building.

38 (4) A building that is used for religious worship.

39 (5) The tract of land on which a building that is used for
40 religious worship is located.

41 (6) The pews and furniture contained within a building that is
42 used for religious worship.

43 (7) A building that is used as a parsonage.

44 (8) The tract of land on which a building that is used as a
45 parsonage is located.

46 (b) A person seeking an exemption under this SECTION shall
47 comply with all applicable filing requirements under IC 6-1.1-10.

48 (c) This SECTION expires January 1, 2004."

49 Page 1, between lines 13 and 14, begin a new paragraph and insert:

50 "(d) The committee shall consist of the following members:

51 (1) The chairperson of the house ways and means committee.

- 1 **(2) The chairperson of the senate finance committee.**
2 **(3) Three (3) members appointed by the speaker of the house**
3 **of representatives from the membership of the ways and means**
4 **committee, excluding the chairperson of the ways and means**
5 **committee. Not more than two (2) members appointed under**
6 **this subdivision may be of the same political party.**
7 **(4) Three (3) members appointed by the president pro tempore**
8 **of the senate from the membership of the finance committee,**
9 **excluding the chairperson of the finance committee. Not more**
10 **than two (2) members appointed under this subdivision may be**
11 **of the same political party."**
12 Page 1, line 14, delete "(d)" and insert "(e)".
13 Page 1, line 17, delete "(e)" and insert "(f)".
14 Page 2, line 3, delete "(f)" and insert "(g)".
15 Renumber all SECTIONS consecutively.
 (Reference is to ESB 19 as reprinted February 26, 2002.)

Conference Committee Report
on
Engrossed Senate Bill 19

Signed by:

Senator Zakas
Chairperson

Representative Crawford

Senator Craycraft

Representative Burton

Senate Conferees

House Conferees