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# SENATE BILL No. 7

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-10.

**Synopsis:** Tax exempt property used for religious or charitable purpose. Provides that up to 150 acres of land and the buildings and structures on the land are exempt from property taxation if the land and buildings are owned by a church or religious institution or are owned, occupied, and used by a person for a charitable purpose. Increases from 15 to 150 acres the amount of land subject to the property tax exemption for the land on which a parsonage or building used for religious worship is located.

**Effective:** July 1, 2002.

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November 20, 2001, read first time and referred to Committee on Governmental and Regulatory Affairs.

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Second Regular Session 112th General Assembly (2002)

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 2001 General Assembly.

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# SENATE BILL No. 7



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.198-2001,
- 2 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2002]: Sec. 16. (a) All or part of a building is exempt from
- 4 property taxation if it is owned, occupied, and used by a person for
- 5 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 ~~which that~~ is exempt under subsection (a) or (b) is
- 12 situated on it; and
- 13 (2) the tract does not exceed:
- 14 (A) one hundred fifty (150) acres in the case of:
- 15 (i) an educational institution;
- 16 (ii) **a church or religious institution;**
- 17 (iii) **a building that is owned, occupied, and used by a**



- 1                    **person for charitable purposes; or**  
 2                    (iv) a tract that was exempt under this subsection on March  
 3                    1, 1987; or  
 4                    (B) two hundred (200) acres in the case of a local association  
 5                    formed for the purpose of promoting 4-H programs; or  
 6                    (C) fifteen (15) acres in all other cases.
- 7 (d) A tract of land is exempt from property taxation if:  
 8                    (1) it is purchased for the purpose of erecting a building ~~which~~  
 9                    **that** is to be owned, occupied, and used in such a manner that the  
 10                    building will be exempt under subsection (a) or (b);  
 11                    (2) the tract does not exceed:  
 12                    (A) one hundred fifty (150) acres in the case of:  
 13                    (i) an educational institution; ~~or~~  
 14                    (ii) **a church or religious institution;**  
 15                    (iii) **a building that is owned, occupied, and used by a**  
 16                    **person for charitable purposes; or**  
 17                    (iv) a tract that was exempt under this subsection on March  
 18                    1, 1987;  
 19                    (B) two hundred (200) acres in the case of a local association  
 20                    formed for the purpose of promoting 4-H programs; or  
 21                    (C) fifteen (15) acres in all other cases; and  
 22                    (3) not more than three (3) years after the property is purchased,  
 23                    and for each year after the three (3) year period, the owner  
 24                    demonstrates substantial progress ~~towards~~ **toward** the erection of  
 25                    the intended building and use of the tract for the exempt purpose.  
 26                    To establish that substantial progress is being made, the owner  
 27                    must prove the existence of factors such as the following:  
 28                    (A) Organization of and activity by a building committee or  
 29                    other oversight group.  
 30                    (B) Completion and filing of building plans with the  
 31                    appropriate local government authority.  
 32                    (C) Cash reserves dedicated to the project of a sufficient  
 33                    amount to lead a reasonable individual to believe the actual  
 34                    construction can and will begin within three (3) years.  
 35                    (D) The breaking of ground and the beginning of actual  
 36                    construction.  
 37                    (E) Any other factor that would lead a reasonable individual to  
 38                    believe that construction of the building is an active plan and  
 39                    that the building is capable of being completed within six (6)  
 40                    years considering the circumstances of the owner.
- 41                    (e) Personal property is exempt from property taxation if it is owned  
 42                    and used in such a manner that it would be exempt under subsection (a)

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1 or (b) if it were a building.

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

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

13 (h) This section does not exempt from property tax an office or a  
14 practice of a physician or group of physicians that is owned by a  
15 hospital licensed under IC 16-21-1 or other property that is not  
16 substantially related to or supportive of the inpatient facility of the  
17 hospital unless the office, practice, or other property:

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

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

29 (i) A tract of land or a tract of land plus all or part of a structure on  
30 the land is exempt from property taxation if:

- 31 (1) the tract is acquired for the purpose of erecting, renovating, or  
32 improving a single family residential structure that is to be given  
33 away or sold:  
34 (A) in a charitable manner;  
35 (B) by a nonprofit organization; and  
36 (C) to low income individuals who will:  
37 (i) use the land as a family residence; and  
38 (ii) not have an exemption for the land under this section;  
39 (2) the tract does not exceed three (3) acres;  
40 (3) the tract of land or the tract of land plus all or part of a  
41 structure on the land is not used for profit while exempt under this  
42 section; and

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1 (4) not more than three (3) years after the property is acquired for  
 2 the purpose described in subdivision (1), and for each year after  
 3 the three (3) year period, the owner demonstrates substantial  
 4 progress ~~towards~~ **toward** the erection, renovation, or  
 5 improvement of the intended structure. To establish that  
 6 substantial progress is being made, the owner must prove the  
 7 existence of factors such as the following:

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

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

12 (C) Cash reserves dedicated to the project of a sufficient  
 13 amount to lead a reasonable individual to believe the actual  
 14 construction can and will begin within six (6) years of the  
 15 initial exemption received under this subsection.

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

18 (E) Any other factor that would lead a reasonable individual to  
 19 believe that construction of the structure is an active plan and  
 20 that the structure is capable of being:

21 (i) completed; and

22 (ii) transferred to a low income individual who does not  
 23 receive an exemption under this section;

24 within six (6) years considering the circumstances of the  
 25 owner.

26 (j) An exemption under subsection (i) terminates when the property  
 27 is conveyed by the nonprofit organization to another owner. When the  
 28 property is conveyed to another owner, the nonprofit organization  
 29 receiving the exemption must file a certified statement with the auditor  
 30 of the county, notifying the auditor of the change not later than sixty  
 31 (60) days after the date of the conveyance. The county auditor shall  
 32 immediately forward a copy of the certified statement to the county  
 33 assessor. A nonprofit organization that fails to file the statement  
 34 required by this subsection is liable for the amount of property taxes  
 35 due on the property conveyed if it were not for the exemption allowed  
 36 under this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

25 SECTION 2. IC 6-1.1-10-21, AS AMENDED BY P.L.198-2001,  
26 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2002]: Sec. 21. (a) The following tangible property is exempt  
28 from property taxation if it is owned by, or held in trust for the use of,  
29 a church or religious society:

30 (1) A building which is used for religious worship.

31 (2) Buildings that are used as parsonages.

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

34 (4) The tract of land, not exceeding ~~fifteen (15)~~ **one hundred fifty**  
35 **(150)** acres, upon which a building described in this section is  
36 situated.

37 (b) To obtain an exemption for parsonages, a church or religious  
38 society must provide the county auditor with an affidavit at the time the  
39 church or religious society applies for the exemptions. The affidavit  
40 must state that:

41 (1) all parsonages are being used to house one (1) of the church's  
42 or religious society's rabbis, priests, preachers, ministers, or

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1           pastors; and  
2           (2) none of the parsonages are being used to make a profit.  
3       The affidavit shall be signed under oath by the church's or religious  
4       society's head rabbi, priest, preacher, minister, or pastor. The county  
5       auditor shall immediately forward a copy of the affidavit to the county  
6       assessor.  
7           (c) Property referred to in this section shall be assessed to the extent  
8       required under IC 6-1.1-11-9.

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