

SENATE BILL No. 19

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10.

Synopsis: Property tax exemption for religious property. Provides that the 150 acre property tax exemption for educational institutions also applies to churches and religious institutions. Increases the property tax exemption for parsonages from 15 acres to 150 acres.

Effective: July 1, 2002.

Zakas, Riegsecker

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. 19



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; or**
- 17 (iii) a tract that was exempt under this subsection on March



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

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1 or services to another hospital whose property qualifies for exemption
2 under this section.

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

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

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

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

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

- 27 (1) the tract is acquired for the purpose of erecting, renovating, or
28 improving a single family residential structure that is to be given
29 away or sold:

30 (A) in a charitable manner;

31 (B) by a nonprofit organization; and

32 (C) to low income individuals who will:

33 (i) use the land as a family residence; and

34 (ii) not have an exemption for the land under this section;

35 (2) the tract does not exceed three (3) acres;

36 (3) the tract of land or the tract of land plus all or part of a
37 structure on the land is not used for profit while exempt under this
38 section; and

39 (4) not more than three (3) years after the property is acquired for
40 the purpose described in subdivision (1), and for each year after
41 the three (3) year period, the owner demonstrates substantial
42 progress towards the erection, renovation, or improvement of the

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1 intended structure. To establish that substantial progress is being
 2 made, the owner must prove the existence of factors such as the
 3 following:

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

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

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

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

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

17 (i) completed; and

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

20 within six (6) years considering the circumstances of the
 21 owner.

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

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

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

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

38 or

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

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

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

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

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

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

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

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

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

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

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

27 (2) Buildings that are used as parsonages.

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

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

33 (b) To obtain an exemption for parsonages, a church or religious
 34 society must provide the county auditor with an affidavit at the time the
 35 church or religious society applies for the exemptions. The affidavit
 36 must state that:

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

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

41 The affidavit shall be signed under oath by the church's or religious
 42 society's head rabbi, priest, preacher, minister, or pastor. The county

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1 auditor shall immediately forward a copy of the affidavit to the county
2 assessor.

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

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