



Reprinted  
February 5, 2002

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## SENATE BILL No. 19

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DIGEST OF SB 19 (Updated February 4, 2002 2:30 PM - DI 87)

**Citations Affected:** IC 6-1.1; IC 14-33; noncode.

**Synopsis:** Property tax exemption for religious property. Removes the acreage limitations for the property tax exemption for 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. Allows a church or religious institution to file a claim for a refund for taxes due and payable in 2001.

**Effective:** March 1, 2000 (retroactive); upon passage; July 1, 2002.

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**Zakas, Riegsecker, Craycraft,  
Adams K, Alting, Simpson, Jackman,  
Hershman, Miller, Broden, Long,  
Paul, Weatherwax**

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November 20, 2001, read first time and referred to Committee on Governmental and Regulatory Affairs.  
January 31, 2002, amended, reported favorably — Do Pass.  
February 4, 2002, read second time, amended, ordered engrossed.

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SB 19—LS 6137/DI 103+



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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

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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 MARCH 1, 2000 (RETROACTIVE)]: Sec. 16. (a) All or part of a  
4 building is exempt from property taxation if it is owned, occupied, and  
5 used by a person for educational, literary, scientific, religious, or  
6 charitable purposes.  
7 (b) A building is exempt from property taxation if it is owned,  
8 occupied, and used by a town, city, township, or county for educational,  
9 literary, scientific, fraternal, or charitable purposes.  
10 (c) A tract of land, including the campus and athletic grounds of an  
11 educational institution, is exempt from property taxation if  
12 ~~(1) a building which that~~ is exempt under subsection (a) or (b) is  
13 situated on it. ~~and~~  
14 ~~(2) the tract does not exceed:~~  
15 ~~(A) one hundred fifty (150) acres in the case of:~~  
16 ~~(i) an educational institution;~~  
17 ~~(ii) a tract that was exempt under this subsection on March~~

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

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1 under this section.

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

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

13 (1) provides or supports the provision of charity care (as defined  
 14 in IC 16-18-2-52.5), including providing funds or other financial  
 15 support for health care services for individuals who are indigent  
 16 (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or

17 (2) provides or supports the provision of community benefits (as  
 18 defined in IC 16-21-9-1), including research, education, or  
 19 government sponsored indigent health care (as defined in  
 20 IC 16-21-9-2).

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

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

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

29 (A) in a charitable manner;

30 (B) by a nonprofit organization; and

31 (C) to low income individuals who will:

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

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

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

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

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

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1 made, the owner must prove the existence of factors such as the  
2 following:

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

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

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

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

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

16 (i) completed; and

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

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

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

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

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

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

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

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

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

42 the person receiving the exemption shall notify the county recorder and

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

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

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

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

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

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

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

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

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

27 ~~(3) (2) The pews and furniture contained within a building which~~  
 28 ~~that~~ is used for religious worship.

29 ~~(4) (3) The tract of land not exceeding fifteen (15) acres, upon~~  
 30 ~~which a building described in this section that is used for~~  
 31 ~~religious worship~~ is situated.

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

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

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

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

42 (1) all parsonages are being used to house one (1) of the church's

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1 or religious society's rabbis, priests, preachers, ministers, or  
2 pastors; and

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

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

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

10 SECTION 3. IC 14-33-7-4 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) This section  
12 applies to the following tangible property owned by or held in trust for  
13 the use of a church or religious society:

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

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

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

18 (4) **The land upon which a building that is used for religious  
19 worship is situated.**

20 (5) The land not exceeding fifteen (15) acres, upon which a  
21 building ~~described in this section~~ **that is used as a parsonage** is  
22 situated.

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

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

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

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

30 (c) To obtain an exemption for a parsonage, a church or religious  
31 society must provide the county auditor with an affidavit at the time the  
32 church or religious society applies for the exemption. The affidavit  
33 must:

34 (1) state:

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

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

40 (2) be signed under oath or affirmation by the church's or  
41 religious society's head rabbi, priest, preacher, minister, pastor, or  
42 designee of the official church body.

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

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

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

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

20 SECTION 5. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senators Craycraft, Adams K and Alting be added as coauthors of Senate Bill 19.

ZAKAS

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SENATE MOTION

Mr. President: I move that Senator Simpson be added as coauthor of Senate Bill 19.

ZAKAS

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SENATE MOTION

Mr. President: I move that Senator Jackman be added as coauthor of Senate Bill 19.

ZAKAS

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SENATE MOTION

Mr. President: I move that Senators Hershman, Miller and Broden be added as coauthors of Senate Bill 19.

ZAKAS

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental and Regulatory Affairs, to which was referred Senate Bill No. 19, 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:

Replace the effective dates in SECTIONS 1 through 2 with "[EFFECTIVE MARCH 1, 2000 (RETROACTIVE)]".

Page 5, strike line 27.

Page 5, line 28, strike "(3)" and insert "**(2)**".

Page 5, line 30, strike "(4)" and insert "**(3)**".

Page 5, line 31, strike "described in this section" and insert "**used for religious worship**".

Page 5, between lines 32 and 33, begin a new paragraph and insert the following:

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

**(1) Buildings that are used as parsonages.**

**(2) The tract of land, not exceeding fifteen (15) acres, upon which a building described in subdivision (1) is situated."**

Page 5, line 33, strike "(b)" and insert "**(c)**".

Page 6, line 3, strike "(c)" and insert "**(d)**".

Page 6, after line 4, begin a new paragraph and insert:

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

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

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

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

**SECTION 4. An emergency is declared for this act."**

and when so amended that said bill do pass.

(Reference is to SB 19 as introduced.)

MERRITT, Chairperson

Committee Vote: Yeas 8, Nays 1.

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SENATE MOTION

Mr. President: I move that Senator Long be added as coauthor of Senate Bill 19.

ZAKAS

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SENATE MOTION

Mr. President: I move that Senators Paul and Weatherwax be added as coauthors of Senate Bill 19.

ZAKAS

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SENATE MOTION

Mr. President: I move that Senate Bill 19 be amended to read as follows:

- Page 1, line 11, delete ":".
- Page 1, line 12, strike "(1)".
- Page 1, line 13, delete ";" and insert ".".
- Page 1, line 13, strike "and".
- Page 1, strike lines 14 through 16.
- Page 1, line 17, strike "(ii)".
- Page 1, line 17, delete "a church or religious institution; or".
- Page 2, line 1, delete "(iii)".
- Page 2, line 1, strike "a tract that was exempt under this subsection on March".
- Page 2, line 2, strike "1, 1987;".
- Page 2, strike lines 3 through 5.
- Page 2, line 9, after ";" insert "**and**".
- Page 2, strike lines 10 through 11.
- Page 2, line 12, strike "(i) an educational institution;".
- Page 2, line 13, strike "(ii)".
- Page 2, line 13, delete "a church or religious institution; or".
- Page 2, line 14, delete "(iii)".
- Page 2, line 14, strike "a tract that was exempt under this subsection on March".
- Page 2, strike lines 15 through 18.
- Page 2, line 19, before "not" strike "(3)" and insert "**(2)**".

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Page 5, line 27, strike "which" and insert "**that**".

Page 5, line 31, delete ",".

Page 5, line 31, strike "not exceeding".

Page 5, line 31, delete "one hundred".

Page 5, line 32, delete "fifty (150)".

Page 5, line 32, strike "acres,".

Page 5, line 32, after "section" insert "**that is**".

Page 5, line 37, delete "Buildings that are used as parsonages." and insert "**A building that is used as a parsonage.**".

Page 5, line 39, delete "described in subdivision (1)" and insert "**that is used as a parsonage**".

Page 6, between lines 11 and 12, begin a new paragraph and insert:

"SECTION 3. IC 14-33-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) This section applies to the following tangible property owned by or held in trust for the use of a church or religious society:

- (1) A building that is used for religious worship.
- (2) A building that is used as a parsonage.
- (3) The pews and furniture contained within a building that is used for religious worship.
- (4) **The land upon which a building that is used for religious worship is situated.**
- (5) The land not exceeding fifteen (15) acres, upon which a building ~~described in this section~~ **that is used as a parsonage** is situated.

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

- (1) IC 14-33-6-13 and section 1 of this chapter; or
- (2) IC 14-33-21-5;

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

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

- (1) state:
  - (A) that all parsonages are being used to house one (1) of the church's or religious society's rabbis, priests, preachers, ministers, or pastors; and
  - (B) that none of the parsonages are being used to make a profit; and



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(2) be signed under oath or affirmation by the church's or religious society's head rabbi, priest, preacher, minister, pastor, or designee of the official church body."

Renumber all SECTIONS consecutively.

(Reference is to SB 19 as printed February 1, 2002.)

ADAMS K

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