

**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).

# CONFERENCE COMMITTEE REPORT

**MR. PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House 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  
22 formed for the purpose of promoting 4-H programs. ~~or~~

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

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

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

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

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

17 (A) in a charitable manner;

18 (B) by a nonprofit organization; and

19 (C) to low income individuals who will:

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

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

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

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

26 (4) not more than three (3) years after the property is acquired for  
 27 the purpose described in subdivision (1), and for each year after  
 28 the three (3) year period, the owner demonstrates substantial  
 29 progress towards the erection, renovation, or improvement of the  
 30 intended structure. To establish that substantial progress is being  
 31 made, the owner must prove the existence of factors such as the  
 32 following:

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

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

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

41 (D) The breaking of ground and the beginning of actual  
 42 construction.

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

46 (i) completed; and

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

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

50 (j) An exemption under subsection (i) terminates when the property  
 51 is conveyed by the nonprofit organization to another owner. When the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

46 ~~(3) (2) The pews and furniture contained within a building which~~  
 47 ~~that~~ is used for religious worship.

48 ~~(4) (3) The tract of land not exceeding fifteen (15) one hundred~~  
 49 ~~fifty (150) acres, upon which a building described in this section~~  
 50 ~~that is used for religious worship~~ is situated.

51 (b) The following tangible property is exempt from property

1 **taxation if it is owned by, or held in trust for the use of, a church or**  
 2 **religious society:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 (1) state:

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

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

50 (2) be signed under oath or affirmation by the church's or religious  
 51 society's head rabbi, priest, preacher, minister, pastor, or designee

1 of the official church body.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

51 (2) The chairperson of the senate finance committee.

- 1           **(3) Three (3) members appointed by the speaker of the house**  
2           **of representatives from the membership of the ways and means**  
3           **committee, excluding the chairperson of the ways and means**  
4           **committee. Not more than two (2) members appointed under**  
5           **this subdivision may be of the same political party.**  
6           **(4) Three (3) members appointed by the president pro tempore**  
7           **of the senate from the membership of the finance committee,**  
8           **excluding the chairperson of the finance committee. Not more**  
9           **than two (2) members appointed under this subdivision may be**  
10           **of the same political party."**

11           Page 1, line 14, delete "(d)" and insert "(e)".

12           Page 1, line 17, delete "(e)" and insert "(f)".

13           Page 2, line 3, delete "(f)" and insert "(g)".

14           Renumber all SECTIONS consecutively.

(Reference is to ESB 19 as reprinted February 26, 2002.)



**Conference Committee Report**  
**on**  
**Engrossed Senate Bill 19**

**S**igned by:

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Senator Zakas  
Chairperson

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Representative Crawford

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Senator Craycraft

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Representative Burton

**Senate Conferees**

**House Conferees**