

HOUSE BILL No. 1372

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-1-20.

Synopsis: Inspections of rental properties. Provides that a political subdivision shall establish and enforce a program for inspecting and registering rental units.

Effective: July 1, 2019.

Campbell

January 14, 2019, read first time and referred to Committee on Local Government.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1372

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 36-1-20-2, AS AMENDED BY P.L.193-2014,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]: Sec. 2. (a) Except as provided in ~~subsection~~
4 **subsections (b) and (c)**, the owner of a rental unit assessed any fee by
5 a political subdivision pertaining to the rental unit may:
6 (1) notify the tenants of the rental unit of the assessment of the
7 fee; and
8 (2) require the tenants of the rental unit to reimburse the owner
9 for the payment of the fee.
10 (b) Tenants of a rental unit may not be required to reimburse the
11 owner of a rental unit for fees assessed by a political subdivision
12 relating to the construction of the rental unit, such as building permit
13 fees.
14 **(c) The owner of a rental unit is responsible for paying a fee**
15 **assessed under this chapter for an inspection and registration.**
16 SECTION 2. IC 36-1-20-3.5, AS ADDED BY P.L.193-2014,
17 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2019]: Sec. 3.5. ~~(a) This section does not apply to a political~~
 2 ~~subdivision with a rental registration or inspection program created~~
 3 ~~before July 1, 1984.~~

4 ~~(b)~~ **(a)** A political subdivision may not require a rental unit's owner
 5 or landlord to do any of the following:

6 (1) Except as provided in subsection ~~(c)~~; **(b)**, obtain a permit to
 7 lease the rental unit.

8 (2) Participate in a class or government program as a condition for
 9 leasing the rental unit.

10 ~~(c)~~ **(b)** Notwithstanding subsection ~~(b)~~; **(a)**, a political subdivision
 11 may require a rental unit's owner or landlord to obtain a permit only as
 12 follows:

13 (1) A fee may not be charged to obtain a permit.

14 (2) Except when there is a change of ownership of the real
 15 property, a permit does not expire. A political subdivision may
 16 require a new owner of the real estate to obtain a new permit.

17 (3) Only one (1) permit may be required for a rental unit
 18 community.

19 SECTION 3. IC 36-1-20-4.1, AS ADDED BY P.L.193-2014,
 20 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2019]: Sec. 4.1. ~~(a) This section does not apply to a political~~
 22 ~~subdivision with a rental registration or inspection program created~~
 23 ~~before July 1, 1984.~~ This section does not apply to a manufactured
 24 housing community or mobile home community that is licensed,
 25 permitted, and inspected by the state department of health.

26 (b) Except as provided in subsection (c) ~~this chapter does not~~
 27 ~~prohibit and subject to subsection (d)~~, a political subdivision ~~from~~
 28 ~~establishing and enforcing shall establish and enforce~~ a program for
 29 inspecting ~~and registering~~ rental units.

30 (c) Except as provided in subsection ~~(d)~~; **(f)**, after June 30, 2014, a
 31 political subdivision may not inspect a rental unit or impose a fee
 32 pertaining to the inspection of a rental unit, if the rental unit satisfies
 33 all of the following:

34 (1) The rental unit is:

35 (A) managed by; or

36 (B) part of a rental unit community that is managed by;
 37 a professional real estate manager.

38 (2) During the previous twelve (12) months, the rental unit has
 39 been inspected or is part of a rental unit community that has been
 40 inspected by either of the following:

41 (A) By or for:

42 (i) the United States Department of Housing and Urban



- 1 Development, the Indiana Housing and Community
 2 Development Authority, or another federal or state agency;
 3 or
 4 (ii) a financial institution or insurance company authorized
 5 to do business in Indiana.
- 6 (B) By an inspector who:
 7 (i) is a registered architect;
 8 (ii) is a professional engineer; or
 9 (iii) satisfies qualifications for an inspector of rental units
 10 prescribed by the political subdivision.
- 11 The inspector may not be an employee of the owner or
 12 landlord.
- 13 (3) A written inspection report of the inspection under subdivision
 14 (2) has been issued to the owner or landlord of the rental unit or
 15 rental unit community (as applicable) that verifies that the rental
 16 unit or rental unit community is safe and habitable with respect
 17 to:
 18 (A) electrical supply and electrical systems;
 19 (B) plumbing and plumbing systems;
 20 (C) water supply, including hot water;
 21 (D) heating, ventilation, and air conditioning equipment and
 22 systems;
 23 (E) bathroom and toilet facilities;
 24 (F) doors, windows, stairways, and hallways;
 25 (G) functioning smoke detectors; and
 26 (H) the structure in which a rental unit is located.
- 27 A political subdivision may not add to the requirements of this
 28 subdivision.
- 29 (4) The inspection report issued under subdivision (3) is delivered
 30 to the political subdivision on or before the due date set by the
 31 political subdivision.
- 32 **(d) The following apply to inspection and registration under this**
 33 **chapter:**
 34 **(1) If the rental unit is constructed after June 30, 2019, an**
 35 **inspection and registration under this chapter is required**
 36 **after June 30, 2019.**
 37 **(2) If the rental unit is constructed before July 1, 2019, and**
 38 **the tenant or owner of the rental makes a request, an**
 39 **inspection and registration under this chapter must occur.**
 40 **(3) Notwithstanding any other law, after June 30, 2025, an**
 41 **inspection and registration under this chapter shall be**
 42 **completed on all rental units.**



1 **(e) An inspection under this chapter must verify that the rental**
 2 **unit or rental unit community is safe and habitable with respect to:**

- 3 **(1) electrical supply and electrical systems;**
 4 **(2) plumbing and plumbing systems;**
 5 **(3) water supply, including hot water;**
 6 **(4) heating, ventilation, and air conditioning equipment and**
 7 **systems;**
 8 **(5) bathroom and toilet facilities;**
 9 **(6) doors, windows, stairways, and hallways;**
 10 **(7) functioning smoke detectors;**
 11 **(8) the structure in which a rental unit is located;**
 12 **(9) fire safety laws;**
 13 **(10) building laws; and**
 14 **(11) the existence of:**
 15 **(A) mold;**
 16 **(B) radon;**
 17 **(C) asbestos;**
 18 **(D) lead-based paint;**
 19 **(E) mold;**
 20 **(F) mercury; or**
 21 **(G) other similar environmental hazards.**

22 ~~(d)~~ **(f)** This subsection applies to all rental units, including a rental
 23 unit that meets the requirements for an exemption under subsection (c).
 24 A political subdivision may inspect a rental unit, if the political
 25 subdivision:

- 26 (1) has reason to believe; or
 27 (2) receives a complaint;

28 that the rental unit does not comply with applicable code requirements.
 29 However, in the case of a rental unit that meets the requirements for an
 30 exemption under subsection (c), the political subdivision may not
 31 impose a fee pertaining to the inspection of the rental unit. If an
 32 inspection of a rental unit reveals a violation of applicable code
 33 requirements, the owner of the rental unit may be subject to a penalty
 34 as provided in section 6 of this chapter.

35 ~~(e)~~ **(g)** This subsection applies only to a rental unit that meets the
 36 requirements for an exemption under subsection (c). If the inspection
 37 report for the rental unit or rental unit community is prepared by or for
 38 the United States Department of Housing and Urban Development, the
 39 inspection report is valid for purposes of maintaining the exemption
 40 under subsection (c) until:

- 41 (1) the date specified in the inspection report; or
 42 (2) thirty-six (36) months after the date of the inspection report;



1 whichever is earlier.

2 SECTION 4. IC 36-1-20-4.2 IS ADDED TO THE INDIANA CODE
3 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2019]: **Sec. 4.2. (a) This section applies to a rental unit under
5 section 4.1(d)(2) of this chapter.**

6 **(b) A tenant or owner of a rental unit may request that the
7 political subdivision perform an inspection under this chapter.**

8 **(c) An inspection performed under this section must be
9 performed by the political subdivision not later than six (6) months
10 after the request is made.**

11 SECTION 5. IC 36-1-20-4.3 IS ADDED TO THE INDIANA CODE
12 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
13 1, 2019]: **Sec. 4.3. (a) This section applies to a rental unit under
14 section 4.1(d)(1) and 4.1(d)(3).**

15 **(b) An owner shall complete a registration and request an
16 inspection under this chapter before a tenant takes possession of
17 the rental unit.**

18 **(c) An inspection performed under this section must be
19 performed by the political subdivision not later than six (6) months
20 after the request is made.**

21 SECTION 6. IC 36-1-20-5, AS ADDED BY P.L.193-2014,
22 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JULY 1, 2019]: **Sec. 5. (a) This section does not apply to a political
24 subdivision with a rental registration or inspection program created
25 before July 1, 1984.**

26 **(b) This chapter does not prohibit a political subdivision from
27 establishing and enforcing a registration program for rental units within
28 the political subdivision.**

29 **(c) (a) A political subdivision may impose on an owner or landlord
30 of a rental unit an a reasonable annual registration fee. of not more
31 than five dollars (\$5).**

32 **(d) (b) A registration fee imposed under subsection (c) (a) covers
33 all the rental units in a rental unit community. However, if a rental unit
34 is not part of a rental unit community, a registration fee may be
35 imposed for each separate parcel of real property on which a rental unit
36 is located.**

37 **(e) (c) If the ownership of a rental unit community or the ownership
38 of a parcel of real property on which a rental unit is located changes, a
39 political subdivision may require the new owner of the rental unit
40 community or new owner of the real estate parcel to:**

- 41 (1) **pay an annual registration fee of not more than five dollars**
42 **(\$5); under subsection (a); and**



- 1 (2) provide updated registration information to the political
 2 subdivision;
 3 not later than thirty (30) days after the change of ownership.
- 4 SECTION 7. IC 36-1-20-6, AS ADDED BY P.L.193-2014,
 5 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2019]: Sec. 6. (a) **Except as provided in subsection (d)**, this
 7 chapter does not prevent a political subdivision from imposing and
 8 collecting a penalty for an act or omission that is a nuisance or
 9 violation of the political subdivision's enforceable ordinances or codes,
 10 subject to subsection (b).
- 11 (b) A penalty permitted under subsection (a) may not be imposed
 12 until after:
- 13 (1) reasonable notice of the nuisance or violation has been given
 14 to the owner or the owner's designee;
 15 (2) passage of a reasonable time, which must be stated in the
 16 notice, for the nuisance or violation to be cured; and
 17 (3) failure of the nuisance or violation to be cured within the time
 18 stated in the notice.
- 19 **(c) Except as provided in subsection (d), if the owner of a rental
 20 unit fails to cure the nuisance or violation cited in an inspection
 21 report under this chapter, a tenant may terminate the rental
 22 agreement by providing the landlord notice in writing of the
 23 landlord's noncompliance within fourteen (14) days.**
- 24 **(d) If the nuisance or violation is a result of an act or omission
 25 outside the control of the owner of the rental unit, the following
 26 may not occur:**
- 27 **(1) The political subdivision may not impose or collect a
 28 penalty.**
 29 **(2) A tenant may not terminate the rental agreement under
 30 subsection (c).**
- 31 **(e) If the nuisance or violation is a result of an act or omission
 32 outside the control of the owner of the rental unit, the owner of
 33 rental unit must provide notice to the tenant of the nuisance or
 34 violation.**
- 35 SECTION 8. IC 36-1-20-7 IS ADDED TO THE INDIANA CODE
 36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 37 1, 2019]: Sec. 7. (a) **Before July 1, 2025, if the owner of a rental unit
 38 under section 4.1(d)(1) and 4.1(d)(3) fails to request an inspection
 39 and pay the registration fee, the tenant may terminate the rental
 40 agreement by providing the landlord notice in writing of the
 41 landlord's noncompliance within fourteen (14) days.**
- 42 **(b) After June 30, 2025, if the owner of a rental unit fails to**



1 **request an inspection and pay the registration fee, the tenant may**
2 **terminate the rental agreement by providing the landlord notice in**
3 **writing of the landlord's noncompliance within fourteen (14) days.**

4 SECTION 9. IC 36-1-20-8 IS ADDED TO THE INDIANA CODE
5 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
6 1, 2019]: **Sec. 8. An owner of a rental unit that violates this chapter**
7 **commits a Class C infraction.**

