



Reprinted
February 14, 2023

SENATE BILL No. 274

DIGEST OF SB 274 (Updated February 13, 2023 2:06 pm - DI 120)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Tax exempt property. Provides that a building is exempt from property taxation if it is owned by a nonprofit entity and is: (1) registered as a continuing care retirement community; or (2) licensed as a health care facility. Makes various changes to a provision granting a property tax exemption to cemetery owners.

Effective: January 1, 2019 (retroactive); January 1, 2023 (retroactive).

**Johnson T, Brown L,
Randolph Lonnie M**

January 11, 2023, read first time and referred to Committee on Local Government.
January 23, 2023, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.
February 7, 2023, amended, reported favorably — Do Pass.
February 13, 2023, read second time, amended, ordered engrossed.

SB 274—LS 6324/DI 129



Reprinted
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First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

SENATE BILL No. 274

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.85-2019,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2019 (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 that is exempt under subsection (a) or (b) is situated
13 on it;
14 (2) a parking lot or structure that serves a building referred to in
15 subdivision (1) is situated on it; or
16 (3) the tract:
17 (A) is owned by a nonprofit entity established for the purpose

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- 1 of retaining and preserving land and water for their natural
 2 characteristics;
 3 (B) does not exceed five hundred (500) acres; and
 4 (C) is not used by the nonprofit entity to make a profit.
- 5 (d) A tract of land is exempt from property taxation if:
 6 (1) it is purchased for the purpose of erecting a building that is to
 7 be owned, occupied, and used in such a manner that the building
 8 will be exempt under subsection (a) or (b); and
 9 (2) not more than four (4) years after the property is purchased,
 10 and for each year after the four (4) year period, the owner
 11 demonstrates substantial progress and active pursuit towards the
 12 erection of the intended building and use of the tract for the
 13 exempt purpose. To establish substantial progress and active
 14 pursuit under this subdivision, the owner must prove the existence
 15 of factors such as the following:
 16 (A) Organization of and activity by a building committee or
 17 other oversight group.
 18 (B) Completion and filing of building plans with the
 19 appropriate local government authority.
 20 (C) Cash reserves dedicated to the project of a sufficient
 21 amount to lead a reasonable individual to believe the actual
 22 construction can and will begin within four (4) years.
 23 (D) The breaking of ground and the beginning of actual
 24 construction.
 25 (E) Any other factor that would lead a reasonable individual to
 26 believe that construction of the building is an active plan and
 27 that the building is capable of being completed within eight (8)
 28 years considering the circumstances of the owner.
- 29 If the owner of the property sells, leases, or otherwise transfers a tract
 30 of land that is exempt under this subsection, the owner is liable for the
 31 property taxes that were not imposed upon the tract of land during the
 32 period beginning January 1 of the fourth year following the purchase
 33 of the property and ending on December 31 of the year of the sale,
 34 lease, or transfer. The county auditor of the county in which the tract
 35 of land is located may establish an installment plan for the repayment
 36 of taxes due under this subsection. The plan established by the county
 37 auditor may allow the repayment of the taxes over a period of years
 38 equal to the number of years for which property taxes must be repaid
 39 under this subsection.
- 40 (e) Personal property is exempt from property taxation if it is owned
 41 and used in such a manner that it would be exempt under subsection (a)
 42 or (b) if it were a building.



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

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

12 (h) This section does not exempt from property tax an office or a
 13 practice of a physician or group of physicians that is owned by a
 14 hospital licensed under IC 16-21-2 or other property that is not
 15 substantially related to or supportive of the inpatient facility of the
 16 hospital unless the office, practice, or other property:

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

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

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

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

42 (j) An exemption under subsection (i) terminates when the property



1 is conveyed by the nonprofit organization to another owner.

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

12 (l) If property is granted an exemption in any year under subsection
 13 (i) and the owner:

14 (1) fails to transfer the tangible property within eight (8) years
 15 after the assessment date for which the exemption is initially
 16 granted; or

17 (2) transfers the tangible property to a person who:

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

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

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

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

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

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

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

39 (o) Property referred to in this section shall be assessed to the extent
 40 required under IC 6-1.1-11-9.

41 (p) A for-profit provider of early childhood education services to
 42 children who are at least four (4) but less than six (6) years of age on



1 the annual assessment date may receive the exemption provided by this
 2 section for property used for educational purposes only if all the
 3 requirements of section 46 of this chapter are satisfied. A for-profit
 4 provider of early childhood education services that provides the
 5 services only to children younger than four (4) years of age may not
 6 receive the exemption provided by this section for property used for
 7 educational purposes.

8 **(q) A building is exempt from property taxation if it is:**

9 **(1) owned by a nonprofit entity; and**

10 **(2) either:**

11 **(A) registered as a continuing care retirement community**
 12 **under IC 23-2-4; or**

13 **(B) licensed as a health care facility under IC 16-28;**

14 **or both.**

15 SECTION 2. IC 6-1.1-10-18.5, AS AMENDED BY P.L.197-2011,
 16 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2019 (RETROACTIVE)]: Sec. 18.5. (a) This section
 18 does not exempt from property tax an office or a practice of a physician
 19 or group of physicians that is owned by a hospital licensed under
 20 IC 16-21-2 or other property that is not substantially related to or
 21 supportive of the inpatient facility of the hospital unless the office,
 22 practice, or other property:

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

27 (2) provides or supports the provision of community benefits (as
 28 defined in IC 16-21-9-1), including research, education, or
 29 government sponsored indigent health care (as defined in
 30 IC 16-21-9-2).

31 However, participation in the Medicaid or Medicare program, alone,
 32 does not entitle an office, a practice, or other property described in this
 33 subsection to an exemption under this section.

34 (b) Tangible property is exempt from property taxation if it is:

35 (1) owned **or leased** by an Indiana nonprofit corporation; and

36 (2) used by that corporation **or leased by that corporation to**
 37 **another nonprofit corporation** in the operation of a hospital
 38 licensed under IC 16-21, a health facility licensed under IC 16-28,
 39 **or in the operation of** a residential facility for the aged and
 40 licensed under IC 16-28, **a continuing care retirement**
 41 **community registered under IC 23-2-4, or in the operation of**
 42 a Christian Science home or sanatorium.



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

3 SECTION 3. IC 6-1.1-10-27 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2023 (RETROACTIVE)]:
5 Sec. 27. (a) Subject to the limitations contained in subsections (b) and
6 (c), the following tangible property is exempt from property taxation if
7 it is owned by a cemetery corporation, firm, **or not-for-profit**
8 **corporation, or** association which is organized under the laws of this
9 state, **a church, or a religious society:**

10 (1) The real property, including mausoleums and other structures
11 in which human remains are buried or interred but not including
12 crematories, funeral homes, offices, or maintenance structures.
13 However, **crematories, funeral homes,** offices, and maintenance
14 structures are exempt if they are owned by, or held in trust for the
15 use of, a church or religious society, or if they are owned by a
16 not-for-profit corporation or association.

17 (2) The personal property which is used exclusively in the
18 establishment, operation, administration, preservation, repair, or
19 maintenance of the cemetery, **funeral home, or crematory.**

20 (b) The exemption under subsection (a) does not apply to real
21 property unless:

22 (1) it has been dedicated or platted for cemetery, **crematory, or**
23 **funeral home** use, **or a variance has been granted for one (1)**
24 **or more of those uses;**

25 (2) a plat of it **or variance from the plat** has been recorded in the
26 county in which the property is located; and

27 (3) it is exclusively used for cemetery, **or** burial, **crematory, or**
28 **funeral** purposes.

29 (c) The exemption under subsection (a) does not apply to personal
30 property unless it is used exclusively for cemetery, **funeral home, or**
31 **crematory** purposes and:

32 (1) it is owned by, or held in trust for the use of, a church or
33 religious society; or

34 (2) it is owned by a not-for-profit corporation or association.

35 SECTION 4. [EFFECTIVE JANUARY 1, 2023 (RETROACTIVE)]
36 (a) **IC 6-1.1-10-27, as amended by this act, applies to assessment**
37 **dates occurring after December 31, 2022.**

38 (b) **This SECTION expires January 1, 2027.**

39 SECTION 5. **An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred Senate Bill No. 274, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 274 as introduced.)

BUCK, Chairperson

Committee Vote: Yeas 9, Nays 0

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 274, 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:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-10-16, AS AMENDED BY P.L.85-2019, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019 (RETROACTIVE)]: Sec. 16. (a) All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.

(b) A building is exempt from property taxation if it is owned, occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

(c) A tract of land, including the campus and athletic grounds of an educational institution, is exempt from property taxation if:

(1) a building that is exempt under subsection (a) or (b) is situated on it;

(2) a parking lot or structure that serves a building referred to in subdivision (1) is situated on it; or

(3) the tract:

(A) is owned by a nonprofit entity established for the purpose of retaining and preserving land and water for their natural characteristics;

(B) does not exceed five hundred (500) acres; and

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- (C) is not used by the nonprofit entity to make a profit.
- (d) A tract of land is exempt from property taxation if:
- (1) it is purchased for the purpose of erecting a building that is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); and
 - (2) not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the erection of the intended building and use of the tract for the exempt purpose. To establish substantial progress and active pursuit under this subdivision, the owner must prove the existence of factors such as the following:
 - (A) Organization of and activity by a building committee or other oversight group.
 - (B) Completion and filing of building plans with the appropriate local government authority.
 - (C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.
 - (D) The breaking of ground and the beginning of actual construction.
 - (E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within eight (8) years considering the circumstances of the owner.

If the owner of the property sells, leases, or otherwise transfers a tract of land that is exempt under this subsection, the owner is liable for the property taxes that were not imposed upon the tract of land during the period beginning January 1 of the fourth year following the purchase of the property and ending on December 31 of the year of the sale, lease, or transfer. The county auditor of the county in which the tract of land is located may establish an installment plan for the repayment of taxes due under this subsection. The plan established by the county auditor may allow the repayment of the taxes over a period of years equal to the number of years for which property taxes must be repaid under this subsection.

(e) Personal property is exempt from property taxation if it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building.

(f) A hospital's property that is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods or services to



another hospital whose property qualifies for exemption under this section.

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

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-2 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

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

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

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

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

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

(k) When property that is exempt in any year under subsection (i) is conveyed to another owner, the nonprofit organization receiving the



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

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

- (1) fails to transfer the tangible property within eight (8) years after the assessment date for which the exemption is initially granted; or
- (2) transfers the tangible property to a person who:
 - (A) is not a low income individual; or
 - (B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

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

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

- (1) The total property taxes that, if it were not for the exemption under subsection (i), would have been levied on the property in each year in which an exemption was allowed.
- (2) Interest on the property taxes at the rate of ten percent (10%) per year.

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

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

(p) A for-profit provider of early childhood education services to children who are at least four (4) but less than six (6) years of age on the annual assessment date may receive the exemption provided by this section for property used for educational purposes only if all the requirements of section 46 of this chapter are satisfied. A for-profit



provider of early childhood education services that provides the services only to children younger than four (4) years of age may not receive the exemption provided by this section for property used for educational purposes.

(q) All or part of a building is exempt from property taxation if it is:

(1) owned by a nonprofit entity; and

(2) is either:

(A) registered as a continuing care retirement community under IC 23-2-4; or

(B) licensed as a health care facility under IC 16-28.

SECTION 2. IC 6-1.1-10-18.5, AS AMENDED BY P.L.197-2011, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2019 (RETROACTIVE)]: Sec. 18.5. (a) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-2 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

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

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

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

(b) Tangible property is exempt from property taxation if it is:

(1) owned by an Indiana nonprofit corporation; and

(2) used by that corporation in the operation of a hospital licensed under IC 16-21, a health facility licensed under IC 16-28, ~~or in the operation of a residential facility for the aged and licensed under IC 16-28, a continuing care retirement community registered under IC 23-2-4, or in the operation of a Christian Science home or sanatorium.~~

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

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

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(Reference is to SB 274 as printed January 24, 2023.)

HOLDMAN, Chairperson

Committee Vote: Yeas 10, Nays 1.

SENATE MOTION

Madam President: I move that Senate Bill 274 be amended to read as follows:

Page 5, line 11, delete "is".

Page 5, line 35, after "owned" insert "**or leased**".

Page 5, line 36, after "corporation" insert "**or leased by that corporation to another nonprofit corporation**".

(Reference is to SB 274 as printed February 8, 2023.)

JOHNSON T

SENATE MOTION

Madam President: I move that Senate Bill 274 be amended to read as follows:

Page 5, line 8, delete "All or part of a" and insert "A".

Page 5, line 11, delete "is".

Page 5, line 14, delete "." and insert ";".

Page 5, between lines 14 and 15, begin a new line block indented and insert:

"or both."

(Reference is to SB 274 as printed February 8, 2023.)

YOUNG M

