SENATE BILL No. 147

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10; IC 12-8-1.5-20.

Synopsis: Child care property tax exemption and evaluation. Makes various changes to a provision granting a property tax exemption to for-profit providers of early childhood education. Provides a partial property tax exemption for an employer that provides onsite child care for employees. Requires the office of the secretary of family and social services, in consultation with the early learning advisory committee, to: (1) evaluate and make recommendations; and (2) submit a report; regarding child care.

Effective: July 1, 2024; January 1, 2025.

Rogers, Holdman

January 8, 2024, read first time and referred to Committee on Tax and Fiscal Policy.

Introduced

Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

SENATE BILL No. 147

A BILL FOR AN ACT to amend the Indiana Code concerning human services.

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

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, 2025]: 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
(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) **Property used by** 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.~~

SECTION 2. IC 6-1.1-10-46, AS AMENDED BY P.L.130-2018, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025]: Sec. 46. (a) Tangible property owned, occupied, or used by 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 is exempt from property taxation under section 16 of this chapter only if all the following requirements are satisfied:

~~(1) The primary purpose of the provider is educational.~~

~~(2)~~ **(1)** The provider, **or a parent company, subsidiary, or affiliate company of the provider,** is the property owner. ~~and~~

(2) The provider ~~also~~ predominantly occupies and uses the tangible property for providing early childhood education services to children who are ~~at least four (4) but~~ less than six (6) years of age.

(3) The provider meets the standards of quality recognized by a **Level 2,** Level 3, or Level 4 Paths to QUALITY program rating under IC 12-17.2-2-14.2 or has a comparable rating from a nationally recognized accrediting body.

~~If the property owner provides early childhood education services to children who are at least four (4) but less than six (6) years of age and to children younger than four (4) years of age, the amount of the exemption must be on that part of the assessment of the property that bears the same proportion to the total assessment of the property as the percentage of the property owner's enrollment count of children who are at least four (4) but less than six (6) years of age compared to the property owner's total enrollment count of children of all ages.~~

(b) For purposes of this section, the annual assessment date or, if the annual assessment date is not a business day for the ~~property owner,~~ **provider,** the business day closest to the annual assessment date, must be used for the enrollment count under this section. However, a ~~property owner~~ **provider** that believes that the enrollment count on this date for a particular year does not accurately represent the ~~property owner's~~ **provider's** normal enrollment count for that year may appeal to the county assessor for a change in the date to be used under this section for that year. The appeal must be filed on or before the deadline for filing an exemption under section 16 of this chapter. If the county assessor finds that the ~~property owner's~~ **provider's** appeal substantiates that the ~~property owner's~~ **provider's** normal enrollment count is not accurately represented by using the required date, the assessor shall establish an alternate date to be used for that year that represents the ~~property owner's~~ **provider's** normal enrollment count for that year.

SECTION 3. IC 6-1.1-10-51 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2025]: **Sec. 51. (a) As used in this section, "child care" has the meaning set forth in IC 12-7-2-28.2.**

(b) As used in this section, "employer" means any person, corporation, limited liability company, partnership, or other entity with employees employed at a physical location in Indiana. The term includes a pass through entity. However, the term does not include an employer who is in the business of operating a child care facility.

(c) The part of the gross assessed value of tangible property that is attributable to tangible property owned and used by an employer, or a parent company, subsidiary, or affiliate company of an employer, to provide child care for children of the employer's employees is exempt from property taxation if the following conditions are met:

(1) The child care is provided in a facility located on the workplace premises of the employer.

(2) The child care is provided only for children of the employer's employees.

(3) The child care facility is licensed by the division of family resources under IC 12-17.2.

(d) The child care facility may be operated by the employer or under a contract described in Section 45F(c)(1)(A)(iii) of the Internal Revenue Code to provide child care services to the employer's employees.

SECTION 4. IC 12-8-1.5-20 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: **Sec. 20. (a) As used in this section, "child care" has the meaning set forth in IC 12-7-2-28.2.**

(b) The office of the secretary of family and social services shall, in consultation with the early learning advisory committee established by IC 12-17.2-3.8-5, do the following:

(1) Evaluate the following:

(A) Current child care licensing requirements under IC 12-17.2.

(B) Licensure exemptions available under IC 12-17.2-2-8.

(2) Prepare a report that includes the following:
(A) Information concerning the evaluation under subdivision (1).
(B) Recommendations to:
(i) replace the current child care licensing requirements under IC 12-17.2 with requirements that would apply to all individuals or entities providing child care and that focus on the basic health and safety of children; and
(ii) simplify the paths to QUALITY requirements, focusing on best practices and evidence based requirements.
(3) Not later than October 31, 2024, submit the report prepared under subdivision (2) to the general assembly in an electronic format under IC 5-14-6.
(c) This section expires July 1, 2025.

SECTION 5. [EFFECTIVE JULY 1, 2024] **(a) IC 6-1.1-10-16 and IC 6-1.1-10-46, both as amended by this act, apply to assessment dates after December 31, 2024.**

(b) IC 6-1.1-10-51, as added by this act, applies to assessment dates after December 31, 2024.

(c) This SECTION expires July 1, 2027.