

HOUSE BILL No. 1384

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-10-16.

Synopsis: Nonprofit hospital property taxes. Provides that real property purchased before July 1, 2026, directly or indirectly owned by a nonprofit hospital (other than a critical access hospital or a county hospital) is not exempt from property taxation if, after 10 years from the date of purchase of the property by the nonprofit hospital, the property directly or indirectly owned by the nonprofit hospital is not being used for the performance of revenue producing health care services by the nonprofit hospital that directly or indirectly owns the property. Provides that real property directly or indirectly owned by a nonprofit hospital purchased after June 30, 2026, is not exempt from property taxation if the property directly or indirectly owned by the nonprofit hospital is not being used for the performance of revenue producing health care services by the nonprofit hospital that directly or indirectly owns the property. Provides that the disallowance of an exemption does not apply to a parking garage, parking lot, equipment facility area, or any other similar property that actively serves a nonprofit hospital. Provides that a determination as to whether a parking garage, parking lot, equipment facility area, or any other similar property actively serves a nonprofit hospital shall be made by the board of zoning appeals with jurisdiction over the property.

Effective: January 1, 2027.

Smaltz, Carbaugh

January 8, 2026, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1384

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.230-2025,
2 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2027]: Sec. 16. (a) All or part of a building is exempt
4 from property taxation if it is owned, occupied, and used by a person
5 for educational, literary, scientific, religious, or charitable purposes.
6 (b) A building is exempt from property taxation if it is owned,
7 occupied, and used by a town, city, township, or county for educational,
8 literary, scientific, fraternal, or charitable purposes.
9 (c) A tract of land, including the campus and athletic grounds of an
10 educational institution, is exempt from property taxation if:
11 (1) a building that is exempt under subsection (a) or (b) is situated
12 on it;
13 (2) a parking lot or structure that serves a building referred to in
14 subdivision (1) is situated on it; or
15 (3) the tract:
16 (A) is owned by a nonprofit entity established for the purpose
17 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) This subsection applies to assessment dates occurring before January 1, 2026. A for-profit provider of early childhood education services to children who are at least four (4) but less than six (6) years



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

8 (q) This subsection applies to assessment dates occurring after
 9 December 31, 2025. Property used by a for-profit provider of early
 10 childhood education services to children who are less than six (6) years
 11 of age on the annual assessment date may receive the exemption
 12 provided by this section for property used for educational purposes
 13 only if all the requirements of section 46 of this chapter are satisfied.

14 **(r) This subsection and subsection (s) do not apply to a critical**
 15 **access hospital that meets the criteria under 42 CFR 485.601 or to**
 16 **a county hospital. Notwithstanding any other law, real property**
 17 **directly or indirectly owned by a nonprofit hospital purchased**
 18 **prior to July 1, 2026, is not exempt from property taxation if, after**
 19 **ten (10) years from the date of purchase of the property by the**
 20 **nonprofit hospital, the property directly or indirectly owned by the**
 21 **nonprofit hospital is not being used for the performance of revenue**
 22 **producing health care services by the nonprofit hospital that**
 23 **directly or indirectly owns the property. For purposes of this**
 24 **subsection, "health care services" means the:**

- 25 (1) assessment;
- 26 (2) diagnosis;
- 27 (3) evaluation;
- 28 (4) consultation;
- 29 (5) treatment; and
- 30 (6) monitoring;

31 of an entity's patients. The term includes medical education,
 32 preventative care, rehabilitative services, long term care, and
 33 administrative services that are necessary for the provision of a
 34 patient's care.

35 **(s) Real property directly or indirectly owned by a nonprofit**
 36 **hospital purchased after June 30, 2026, is not exempt from**
 37 **property taxation if the property directly or indirectly owned by**
 38 **the nonprofit hospital is not being used for the performance of**
 39 **revenue producing health care services by the nonprofit hospital**
 40 **that directly or indirectly owns the property. For purposes of this**
 41 **subsection, "health care services" has the meaning set forth in**
 42 **subsection (r).**



1 **(t) The disallowance of an exemption under subsection (r) does**
 2 **not apply to a parking garage, parking lot, equipment facility area,**
 3 **or any other similar property that actively serves a nonprofit**
 4 **hospital. A determination under this subsection as to whether a**
 5 **parking garage, parking lot, equipment facility area, or any other**
 6 **similar property actively serves a nonprofit hospital shall be made**
 7 **by the board of zoning appeals with jurisdiction over the property.**

8 ~~(r)~~ **(u)** This subsection applies only to property taxes that are first
 9 due and payable in calendar years 2025 and 2026. All or part of a
 10 building is deemed to serve a charitable purpose and is exempt from
 11 property taxation if it is owned by a nonprofit entity that is:

12 (1) registered as a continuing care retirement community under
 13 IC 23-2-4 and charges an entry fee of not more than five hundred
 14 thousand dollars (\$500,000) per unit;

15 (2) defined as a small house health facility under
 16 IC 16-18-2-331.9;

17 (3) licensed as a health care or residential care facility under
 18 IC 16-28; or

19 (4) licensed under IC 31-27 and designated as a qualified
 20 residential treatment provider that provides services under a
 21 contract with the department of child services.

22 This subsection expires January 1, 2027.

