

## SENATE BILL No. 127

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 32-31; IC 36-1-20-6.

**Synopsis:** Landlord-tenant matters. Provides that a landlord may not sell a residential rental property that is subject to an unexpired written lease unless the landlord gives written notice to the tenant not less than 60 days before the landlord lists the property for sale, unless certain exceptions apply. Requires a buyer of a residential rental property to honor an unexpired written lease between the previous owner and a tenant unless the buyer of the residential rental property: (1) gives to the tenant, not less than 30 days before the lease is terminated, written notice that the buyer intends to terminate the lease; and (2) pays the tenant an amount equal to one monthly rental payment plus the full security deposit. For purposes of a residential rental unit, defines: (1) "essential services" as certain utility services needed for the safe and habitable occupation by a tenant of the tenant's rental unit; and (2) "essential systems" as certain systems used to deliver essential services to a rental unit. Requires a landlord to repair or replace an essential system not later than 48 hours after being notified by a tenant that the tenant's rental unit is without essential services as a result of: (1) a malfunction in the essential system; or (2) the landlord's failure to maintain the system in good and safe working condition. Provides that, during the pendency of a court action brought by a tenant to enforce a statutory obligation of a landlord, the court may order the tenant to make the regular rental payments otherwise due to the landlord under the rental agreement to: (1) the clerk of the court; or (2) an attorney trust account; to be held in trust for disbursement to the prevailing party, as ordered by the court. For purposes of the rights of tenants who are victims of certain crimes, provides that evidence showing a tenant

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**Effective:** July 1, 2026.

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**Niezgodski, Hunley, Pol Jr.**

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December 11, 2025, read first time and referred to Committee on Judiciary.

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engaged in a protected activity not more than six months before the landlord's alleged retaliatory conduct creates a rebuttable presumption that the purpose of the landlord's conduct was retaliation. Specifies the evidence a landlord may show to rebut the presumption. Requires a landlord to pay all penalties or fines imposed by a political subdivision for violation of the landlord's obligations with regard to a rental premises. Requires a landlord to pay all penalties or fines and make all repairs required by a political subdivision before the landlord may deliver the rental premises to a tenant.



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.

## SENATE BILL No. 127

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

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

- 1       SECTION 1. IC 32-31-1-10.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2026]: **Sec. 10.5. (a) Except as provided in**  
4 **subsection (b), before a landlord may sell a residential rental**  
5 **property that is subject to an unexpired written lease, the landlord**  
6 **must give to the tenant, not less than sixty (60) days before the**  
7 **landlord lists the property for sale, written notice of the landlord's**  
8 **intent to sell the residential real property.**  
9       **(b) A landlord of residential rental property is not required to**  
10 **comply with subsection (a) if any of the following apply:**  
11       **(1) The landlord and tenant mutually agree to terminate the**  
12 **unexpired lease early.**  
13       **(2) An unexpired written lease is set to expire within the sixty**  
14 **(60) day notice period described in subsection (a).**  
15       **(3) The tenant is in breach of the lease agreement.**



**(4) The residential rental property is being sold due to the death of the owner of the residential rental property.**

**(5) The residential rental property contains more than four (4) dwelling units and is used for multifamily residential housing.**

**(c) Except as provided in subsection (d), a buyer of a residential rental property shall honor an unexpired written lease between the previous owner and a tenant.**

**(d) A buyer of a residential rental property may terminate an unexpired written lease between the previous owner and a tenant if the buyer:**

**(1) not less than thirty (30) days before the lease is terminated, gives written notice to the tenant that the buyer intends to terminate the lease; and**

**(2) pays the tenant an amount equal to:**

**(A) the amount of one (1) monthly rental payment, as specified in the written lease; plus**

**(B) the amount of the full security deposit, as specified in the written lease.**

**SECTION 2. IC 32-31-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 5. (a) As used in this section, "essential services" means:**

**(1) electricity;**

**(2) gas;**

**(3) heat;**

**(4) water; or**

**(5) other services;**

**needed for the safe and habitable occupation by a tenant of the tenant's rental unit.**

**(b) As used in this section, "essential system" means a system, or one (1) or more parts or components of a system, that:**

**(1) is described in subsection (c)(4); and**

**(2) is:**

**(A) used for; or**

**(B) necessary to;**

**the delivery of one (1) or more essential services to a rental unit.**

**(c) A landlord shall do the following:**

**(1) Deliver the rental premises to a tenant in compliance with the rental agreement, and in a safe, clean, and habitable condition.**

**(2) Comply with all health and housing codes applicable to the rental premises.**



(3) Make all reasonable efforts to keep common areas of a rental premises in a clean and proper condition.

(4) Provide and maintain the following items in a rental premises in good and safe working condition, if provided on the premises at the time the rental agreement is entered into:

(A) Electrical systems.

(B) Plumbing systems sufficient to accommodate a reasonable supply of hot and cold running water at all times.

(C) Sanitary systems.

(D) Heating, ventilating, and air conditioning systems. A heating system must be sufficient to adequately supply heat at all times.

(E) Elevators, if provided.

(F) Appliances supplied as an inducement to the rental agreement.

**(5) Pay all penalties or fines imposed by a political subdivision for violation of an obligation under this section with regard to a rental premises. A landlord may not deliver rental premises to a tenant until all penalties or fines are paid and all repairs required by the political subdivision are completed.**

**(d) Subject to subsections (e) and (f), a landlord shall repair or replace an essential system not later than forty-eight (48) hours after being notified by a tenant that the tenant's rental unit is without one (1) or more essential services as a result of:**

**(1) a malfunction in the essential system; or**

**(2) the landlord's failure to otherwise maintain the essential system in good and safe working condition.**

**(e) The forty-eight (48) hour period set forth in subsection (d) does not apply if:**

**(1) the tenant's rental unit is without one (1) or more essential services:**

**(A) because of a malfunction in an essential system; and**

**(B) the malfunction is the direct result of the tenant's commission of waste to the essential system or the rental unit; or**

**(2) the landlord makes a good faith attempt within the forty-eight (48) hour period set forth in subsection (d) to undertake the needed repairs to, or replacement of, an essential system through:**

**(A) the landlord's own efforts; or**

**(B) the services of:**

**(i) a contractor; or**



(ii) an employee or agent of the landlord;  
and the landlord or person described in clause (B) is unable to  
begin or complete the needed repairs or replacement within  
the forty-eight (48) hour period set forth in subsection (d).

(f) Subsection (d) does not:

(1) prohibit a landlord from interrupting, shutting off, or  
terminating one (1) or more essential services to a rental unit  
as needed:

(A) in an emergency;

(B) to make good faith repairs; or

(C) for construction; or

(2) require a landlord to pay for one (1) or more essential  
services provided to a rental unit if the landlord has not  
agreed to do so under the rental agreement.

SECTION 3. IC 32-31-8-6.5 IS ADDED TO THE INDIANA CODE  
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
1, 2026]: Sec. 6.5. (a) This section applies to an action that is filed  
under section 6 of this chapter after June 30, 2026.

(b) During the pendency of an action to which this section  
applies, if the tenant continues to occupy the rental unit upon  
which the action is based, the court may issue a provisional order  
that requires the tenant to make regular rental payments otherwise  
due to the landlord under the rental agreement to:

(1) the clerk of the court, who shall hold the payments in trust  
for the parties; or

(2) an attorney trust account;

as directed by the court. The funds held by the clerk or in an  
attorney trust account under this subsection may not be disbursed  
unless the court issues an order for their disbursement.

(c) Subject to subsection (e), if the tenant is the prevailing party  
in the action under section 6 of this chapter, the tenant is entitled  
to a refund of payments made under an order issued by the court  
under subsection (b). The amount of the refund:

(1) shall be determined by the court after taking into  
consideration:

(A) the estimated cost of any repairs or other action  
necessary to remedy the condition that was the basis of the  
tenant's action under section 6 of this chapter;

(B) any expenses incurred by the tenant in undertaking any  
repairs or other action necessary to remedy the condition  
that was the basis of the tenant's action under section 6 of  
this chapter;



(C) any efforts undertaken by the landlord before or after the filing of the tenant's action under section 6 of this chapter to remedy the condition that was the basis of the tenant's action under section 6 of this chapter; and

(D) any other factors that justice may require; and

(2) shall be disbursed to the tenant upon order of the court.

(d) Subject to subsection (e), if the tenant is not the prevailing party in the action under section 6 of this chapter, the tenant is not entitled to a refund of any rental payments made under an order issued by the court under subsection (b), and any amounts held in trust by the clerk of the court or in an attorney trust account shall, upon order of the court, be disbursed to the landlord and credited against the amount of the regular rental payments due to the landlord under the rental agreement during the pendency of the action.

(e) The court may reduce the amount of:

(1) a refund to be disbursed to a tenant in an order under subsection (c), if the court determines that the tenant contributed in any way to the necessity of repairs or other action needed to remedy the condition that was the basis of the tenant's action under section 6 of this chapter; or

(2) any amounts to be disbursed to a landlord in an order under subsection (d), if the court determines that the landlord's failure to comply with one (1) or more of the requirements of this chapter contributed in any way to the necessity of repairs or other action needed to remedy the condition that was the basis of the tenant's action under section 6 of this chapter;

as justice may require.

SECTION 4. IC 32-31-9-8, AS ADDED BY P.L.22-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 8. (a) A landlord may not terminate a lease, refuse to renew a lease, refuse to enter into a lease, or retaliate against a tenant solely because:

(1) a tenant;

(2) an applicant; or

(3) an individual who is a member of the tenant's or applicant's household;

is a protected individual.

(b) A landlord may not refuse to enter into a lease with an applicant or retaliate against a tenant solely because:

(1) the tenant;



(2) the applicant; or  
 (3) an individual who is a member of the tenant's or applicant's household;  
 has terminated a rental agreement as a protected individual under section 12 of this chapter.

**(c) Except as otherwise provided in subsection (b), evidence that a tenant engaged in a protected activity not more than six (6) months before the landlord's alleged retaliatory conduct creates a rebuttable presumption that the purpose of the landlord's conduct was retaliation.**

**(d) A presumption does not arise under subsection (c) if the tenant engaged in a protected activity after the landlord gave the tenant notice of the landlord's intent to:**

- (1) increase the rent or fees;**
- (2) decrease services, increase the tenant's obligations, impose different rules on, or selectively enforce the landlord's rules against, the tenant or immediate family member, or otherwise materially alter the terms of the lease;**
- (3) bring an action for possession on a ground other than nonpayment of rent;**
- (4) refuse to renew a tenancy for a fixed term under a lease containing a renewal option that is exercisable by the tenant without negotiation with the landlord, for any period after the lease would otherwise terminate; or**
- (5) terminate a periodic tenancy.**

**(e) A landlord may rebut a presumption under subsection (c) by a preponderance of evidence showing that the landlord:**

- (1) had sufficient justification for engaging in the conduct that created the presumption; and**
- (2) would have engaged in the conduct in the same manner and at the same time whether or not the tenant engaged in a protected activity.**

SECTION 5. IC 36-1-20-6, AS ADDED BY P.L.193-2014, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) This chapter does not prevent a political subdivision from imposing and collecting a penalty for an act or omission that is a nuisance or violation of the political subdivision's enforceable ordinances or codes, subject to subsection (b).

(b) A penalty permitted under subsection (a) may not be imposed until after:

- (1) reasonable notice of the nuisance or violation has been given to the owner or the owner's designee;





1 (2) passage of a reasonable time, which must be stated in the  
2 notice, for the nuisance or violation to be cured; and

3 (3) failure of the nuisance or violation to be cured within the time  
4 stated in the notice.

5 **(c) An owner or the owner's designee must pay all penalties**  
6 **assessed by the political subdivision for violation of an obligation**  
7 **under IC 32-31-8-5 with regard to a rental premises. All penalties**  
8 **must be paid and all repairs required by the political subdivision**  
9 **must be made before delivering the rental premises to a tenant.**

