Challenges identified

- Concentrations of tax exempt properties
- Tax exempt properties with non-tax exempt uses
- Conversion of for-profit hospitals to non-profit status
- Health care consolidation – non-profit hospitals purchase doctor’s offices, nursing homes, etc.
Challenges identified

- Non-profit nursing homes and senior housing
- Properties with no or low property tax bills
- Increased enrollment in Classified Forest and Wild Land Program
Big issues

• Inadequate revenues
• Tax fairness
Concentrations of tax exempt properties

• 2014 tax exempt property
  – Aggregate = $17,267,609,780 (190,507 parcels)
  – Max (Marion Co) = $3,251,931,800 (13,044 parcels)
  – Min (Union Co) = $5,164,900 (57 parcels)
  – Avg = $187,691,411 (2,071 parcels)
  – Properties may not be distributed evenly among local governments
Concentrations of tax exempt properties

- 2014 tax exempt property classified as being associated with a religious entity
  - Reporting not necessarily consistent

<table>
<thead>
<tr>
<th></th>
<th>Aggregate GAV</th>
<th>% of Total GAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Church, Chapel, Mosque,</td>
<td>$4,014,774,200</td>
<td>23.3%</td>
</tr>
<tr>
<td>Synagogue, Tabernacle or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temple</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned by a religious</td>
<td>$3,873,128,240</td>
<td>22.4%</td>
</tr>
<tr>
<td>organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All religious</td>
<td></td>
<td>$45.7%</td>
</tr>
</tbody>
</table>
Concentrations of tax exempt properties

• 2014 acres of government property
  – Aggregate = 1,035,945 (4.4% of total)
  – Max (Marion Co) = 91,418 (25.0% of total)
  – Min (Union Co) = 80 (0.1% of total)
  – Avg = 11,260 (4.2%)

  – Properties may not be distributed evenly among local governments
Properties with no or low tax bills

- 2015 HB 1476 – Pay 2014
  - Less than $100 minimum
    - Max (Lake Co) = 17,570 parcels
    - Min (Ohio Co) = 26 parcels
    - Avg Co – 2,177 parcels
  - Less than $200 minimum
    - Max (Lake Co) = 29,890 parcels
    - Min (Ohio Co) = 149 parcels
    - Avg Co – 3,593 parcels

3,292 parcels had no 2014 tax liability
Increased enrollment in Classified Forest and Wild Land program

• Program details
  – Tracts of at least 10 contiguous acres of forest or non-forest wildlife habitat
  – Land must be of certain quality
  – Land cannot be used for grazing, buildings or sheds, or growing Christmas trees
• Process
  • DNR helps to create a management plan
  • Surveyor, Signed by state forester, signed by county assessor
  • Recorded at local level
Increased enrollment in Classified Forest and Wild Land program

• Program details
  – Benefits to owner
    • Reduced property taxes
    • Access to technical assistance and resource
  – Meant to be long term. Removing land from the program results in having to pay back taxes and penalties
Increased enrollment in Classified Forest and Wild Land program

- Enrollment
  - 2008 = 619,400 acres (statewide)
  - 2014 = 746,357 acres
  - 20.5% increase
  - 9 counties have more than 20,000 acres enrolled (2014): Brown, Crawford, Greene, Harrison, Lawrence, Orange, Owen, Parke, Perry, and Washington
    - All except Washington increased by thousands of acres btw 2008 and 2014
Potential Solutions

• Adjust rules for tax exempt property or the administration of those rules

• Payments in lieu of taxes/service fees
  – Current statutes
  – 2015 HB 1355 (Saunders bill)
  – 2015 HB 1476 (Karickhoff bill)
  – Greenwood proposed fee for non-profits locating in TIF districts
  – Noblesville and Fishers land use restrictions
Current payments in lieu of taxes statutes

- IC 36-2-6-21, IC 36-1-8-14.2, IC 36-3-2-11 – PILOT for low income housing
- IC 36-3-2-10 – PILOT for airport authority, building authority, and wastewater treatment facility in Marion County
- IC 36-7-30-31 and IC 36-7-30.5-34 – PILOT for single and multi-county military reuse authority
Current payments in lieu of taxes statutes

• Common elements:
  – Created by ordinance
  – Equal to or less than forgone taxes
  – Treated like property taxes

• Differences
  – Applicable entities
  – Where the $ goes. Sometimes a specific fund, sometimes general fund
2015 HB 1355 (Saunders)

- Allows a county fiscal body to adopt a local service fee for tax exempt properties that aren’t places of worship
- Municipalities can adopt in July 2016 if county doesn’t.
- If counties adopt after municipalities, the municipal fee is superseded in the next year
2015 HB 1355 (Saunders)

- Requires a public hearing to adopt, amend, or repeal
- Fee becomes effective at the beginning of the calendar year. Can’t be adopted after October 31 for the following year.
- Fees can be equal by parcel or differentiated based on the cost of services provided to the parcel.
2015 HB 1355 (Saunders)

• Revenue distributed to based on relative property tax rates of county, township, and municipality

• Fees are collected with property taxes and distributed semi-annually

• Service fees are in addition to other fees. They cannot be used to justify reducing property taxes
2015 HB 1355 (Saunders)

• Info about tax exempt properties in previous slide
2015 HB 1476 (Karickhoff)

- Allows county council or county income tax council to adopt a property tax replacement fee
- Applies to properties that receive deductions and credits that result in a tax bill that is less than $100 or $200.
- Properties that have deductions based on age, veteran status, or disability are excluded. Includes spouses.
2015 HB 1476 (Karickhoff)

- A minimum for tax bill plus fee is $100, maximum is $200
- The fee is distributed to units in the taxing district according to relative property tax rate
- Fee is paid with property taxes
- Set rules about payments and delinquencies
2015 HB 1476 (Karickhoff)

- **Less than $100 minimum**
  - All = $11,941,500
  - Max (Lake Co) = $1,061,100
  - Min (Ohio Co) = $700
  - Avg Co – $129,789

- **Less than $200 minimum**
  - All = $38,590,200
  - Max (Lake Co) = $3,481,400
  - Min (Ohio Co) = $8,500
  - Avg Co – $419,459
Greenwood non-profit service fee proposal

- Greenwood proposed a service fee equal to property taxes for new non-profits locating in TIF districts
- Pushback
- Proposal was voted down
- Noblesville and Fishers may have done something similar. Zoning can be a lever.
IACIR Survey - PILOT

• Favor requiring PILOTs:
  – Private universities or schools (46%)
  – Non-profit hospitals (39%)
  – Arts and culture non-profits (35%)
  – Units of federal government (33%)

• SILOTs
IACIR Survey - PILOT

- Important issue when thinking about PILOT (very or fairly important):
  - Unit needs more revenue (60%)
  - Non-profits provide valuable low-cost of free services in community (59%)
  - Exemption for non-profits increases the burden for other tax payers (55%)
  - PILOT will place a financial burden on non-profits (54%)
Important issue when thinking about PILOT:

- Non-profits should pay for their use of services (roads, police, fire protection) (49%)
- Property tax exemption are a way that local governments can support non-profits (47%)
- Constituent opinions (43%)
- Exemption gives non-profits an unfair advantage over private businesses (43%)
- Non-profit ability to pay (41%)
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