
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 974-1629

Not-for-Profits Webinar - Questions & Answers

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- 1. Are there any leases that would allow a not-for-profit entity to rent from a for-profit entity and receive a property tax exemption? E.g., property is owned by a for-profit entity but is occupied and used only for charitable purposes.**

Merely leasing property to an exempt organization does not qualify the owner of the property for the charitable property tax exemption. For a property to qualify for a charitable exemption, the taxpayer must demonstrate that the property is **owned** for an exempt purpose, **occupied** for an exempt purpose, and **predominately used** for an exempt purpose. See Ind. Code § 6-1.1-10-16(a).

- 2. How should we treat a church that is exempt and receives a 100% exemption but is also renting out some of its rooms for parties? Is it our job to make the church file yearly because it might need different percentages of exemption based on the time rented vs time used for the not-for-profit purposes?**

If the church uses the property more than 50% of the time for a religious purpose, then the property would receive a 100% exemption (even though it may rent out some of the rooms for other purposes). See Ind. Code § 6-1.1-10-36.3(c)(2).

- 3. If a library purchases a property but intends to rent it out, will that still fall under the exempt status?**

Probably. Ind. Code § 6-1.1-10-4 exempts property owned by political subdivisions and Ind. Code § 6-1.1-10-5 exempts property owned by a city or town that is used to provide a municipal service, which includes a public library. In addition, Ind. Code § 6-1.1-10-19 exempts from property taxation all tangible property owned by a corporation that established a public library under Indiana law and is used exclusively for public library purposes. Many public libraries offer reservable meeting/room spaces subject to rental fees that are part of a policy adopted by the library's governing board. Assuming the library's renting out of its property is part of the library's services and is within the library's authority, the property would likely still be exempt.

- 4. If a property was acquired by the State of Indiana in June 2024, does the parcel remain taxable until 25p26? Or is property acquired by the State retroactively exempt?**

If the property already had an exemption, then there would be no change in the exempt status (assuming the property is used for state/government purposes). If the property was not exempt, the exemption would be effective for the 2025 pay 2026 assessment year. See Ind. Code § 6-1.1-11-1.5.

5. If a church receives a tract of vacant land through donation, and the church does not have plans for the property, would the vacant land still qualify for an exemption, or would the church be taxed on it after 4 years?

Under Ind. Code § 6-1.1-10-16(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 Ind. Code § 6-1.1-10-16 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 by proving the existence of certain factors.

Assuming the land is not part of the church's property being used and occupied for an exempt purpose, and assuming there are no plans to construct a building that would meet the requirements of Ind. Code § 6-1.1-10-16(d), the vacant tract could be taxable.

6. Should a lodge (Moose, Elks, etc.) be exempt?

It depends on whether the particular lodge can demonstrate that it qualifies for an exemption. The determination of a lodge's tax-exempt status is fact-specific and would be made by the PTABOA based on the specific situation/circumstances/exemption application.

7. Should an organization owning a vacant lot be required to file bi-yearly on the lot if an exemption is granted under charitable, educational, or literary purposes? Also, should partial exemptions be required to file bi-yearly?

For not-for-profit organizations, an application must be re-filed every even year unless the exempt property is owned, occupied, and used for educational, literary, scientific, religious, or charitable purposes and continues to meet the requirements of Ind Code §§ 6-1.1-10-16, 6-1.1-10-21, or 6-1.1-10-24.

The Assessor should review on an annual basis if the land is being used for an exempt purpose, and/or if there is a proposed building project and the taxpayer is making strides towards construction within a four (4) year period. The Assessor should review on a regular basis the exempt percentage use. See Ind. Code § 6-1.1-10-16(d).

8. When was the last date that non-profit entities had to file Form 103/104 if their personal property acquisition cost was under 80,000? Do they have to file them 5 years in a row on time to be eligible for that privilege?

Ind. Code § 6-1.1-3-7.2(f) says that beginning after December 31, 2022, a taxpayer that has filed the personal property tax return containing the information required to claim the exemption under Ind. Code § 6-1.1-3-7.2 is not required to continue filing personal property returns for taxpayer's business personal property unless or until the taxpayer no longer qualifies for the exemption under subsection Ind. Code § 6-1.1-3-7.2(d) for a subsequent assessment date.

If Ind. Code § 6-1.1-3-7.2(f) does not apply, please also be aware that, per HEA 1260-2022, effective January 1, 2023, churches and religious societies that have filed a personal property return for the prior five (5) years, and were exempt from taxes in those five years no longer need to file a personal property tax return for a year after that five (5) year period unless there is a change in ownership of any personal property included on the return or any other change that results in the personal property no longer being eligible for an exemption under IC 6-1.1, or the church or religious society would otherwise be liable for the property tax imposed on personal property owned by the church or religious society.

9. Where can we find definitions for the exempt purposes? Sometimes the exempt purposes are a bit vague and leave room for interpretation.

Ind. Code 6-1.1-10, 10.3, 10.5, and 11 include provisions for exemptions and related procedures. Unfortunately, there is no central location containing definitions for exempt purposes. Each situation is fact/case specific. However, guidance can be gleaned through the Indiana Board of Tax Review's decisions, which are available on its [website](#) and can help delineate what is or is not exempt.

10. Would an organization such as Habitat for Humanity be required to re-file bi-yearly on vacant lots?

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Organizations like Habitat for Humanity may qualify for an exemption under Ind. Code § 6-1.1-10-16(i) and, assuming they continue to meet the requirements of Ind. Code § 6-1.1-10-16, would not need to file an exemption application every two (2) years. However, per Indiana Code 6-1.1-10-16(j), once the property is transferred to another owner, the exemption would terminate.

Disclaimer: These questions and answers are meant for informational purposes and should not be construed as legal advice. Information or guidance from the Department is not a substitute for reading the Indiana Code. Legal questions or issues should be directed to your unit's attorney.