**Summary of Property Tax Exemption**

**for Certain Residential Care Facilities**

The Indiana General Assembly recently enacted a real property tax exemption for certain non-profit entities that own buildings used in the operation of residential facilities for the aged. This exemption applies to eligible owners for the taxable years 2024 and 2025 (due and payable in 2025 and 2026).

**Background**. This exemption was enacted in Section 26 of House Enrolled Act (“HEA”) No. 1427 (2025). A hyperlink is [here](https://iga.in.gov/pdf-documents/124/2025/house/bills/HB1427/HB1427.06.ENRS.pdf) (p. 27/202). That section added subsection (r) to Indiana Code Section 6-1.1-10-16.

**Exemption Qualification Requirements**. Indiana Code (“IC”) Section 6-1.1-10-16(r) provides that all or part of a building is deemed to serve a charitable purpose and is exempt from Indiana property taxation if it is owned by a nonprofit entity that is also one of the following:

1. registered as a continuing care retirement community under IC 23-2-4 and charges an entry fee of not more than five hundred thousand dollars ($500,000) per unit; OR
2. defined as a small house health facility under IC 16-18-2-331.9; OR
3. licensed as a health care or residential care facility under IC 16-28; OR
4. licensed under IC 31-27 and designated as a qualified residential treatment provider that provides services under a contract with the department of child services.

**Years Exemptions Are Available**. The exemption applies for the taxable years 2024 and 2025 (due and payable in 2025 and 2026). This exemption expires on January 1, 2027.

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**Other Notable Points / Unanswered Questions:**

* This law contains a retroactive application provision – meaning that it is effective as of **Jan. 1, 2024**
* For the time period covered by this statute, non-CCRC NFP senior living providers are unequivocally exempt under this statute, as are NFP CCRCs who have an entry fee below $500K per unit. There should be no “proof of charitable purpose” requested or required by county assessors.
* Qualifying owners should consider claiming this property tax exemption on their buildings by timely-filing Form 136. They should also consider claiming any available refund with respect to the years to which the exemption is applicable.
* Because the term “entry fee” is not defined by this statute, it is not clear how this term might be applied.
	+ Two possible options are: the term will mean - the initial fee paid to gain access to the CCRC (this is more likely); but another interpretation might be the entry fee plus some other fees (monthly fees, service fees, etc.) that would aggregate the total fee of a resident to above $500K (this would seem to be contrary to the plain meaning of entry fee, and not in keeping with Indiana case law, but it should be noted nonetheless).
* It is not clear whether the $500K threshold triggers a loss of exemption for the entire campus or only those units above the $500K threshold. While Indiana does not publish legislative intent, we know that this topic was part of the discussion surrounding the last-minute addition of “per unit”. LeadingAge Indiana was concerned about misapplication and fought for *some* clarifying language in the final statutory version. While “per unit” is less than clear, because it was added as a direct result of our efforts, we think it is more than arguable that legislators intended for the final product to mean that only those units above $500K on any given campus would be subject to taxation.
	+ This could have major impacts to non-individualized parts of CCRC campuses such as commonly used spaces (recreational areas, outdoor areas, dining halls, etc.)
* It is also not clear whether the entire unit, if it has an entry fee above $500K, is taxable or only the portion above $500K. This argument might initially strain credibility, however, competitive fairness among other similarly situated business enterprises would dictate that all parts of all units should be treated equally up to the point where the statutory language might be applied. In other words, it might be worth asserting that taxes should only be applied on the portion of the entry fee above $500K but not below – as a legal matter of competitive fairness.
	+ It is also arguable that CCRCs with entry fee units above $500K might still be able to argue that they sufficiently serve a “charitable purpose” such as to qualify for the general exemptions addressed in this Chapter.

Taxpayers should always consult with their tax advisors regarding and before taking any action with respect to this exemption.