

HOUSE BILL No. 1018

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-14-39; IC 36-7-15.1.

Synopsis: Tax increment financing. Provides that if a redevelopment commission adopts a declaratory resolution or amendment after June 30, 2015, that establishes, renews, or expands an allocation provision or area, the base assessed value used to determine the amount of allocated tax proceeds for the redevelopment district must be increased each year so that the incremental assessed value is 50% of the incremental assessed value in the allocation area without the increase. Provides that for the allocation area in Marion County that is identified as the Consolidated Allocation Area, the expiration date for the allocation area is June 30, 2026, or the last date of any obligations that are outstanding on July 1, 2016, whichever is later.

Effective: Upon passage.

Cherry

January 6, 2015, read first time and referred to Committee on Ways and Means.



First Regular Session of the 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1018

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 36-7-14-39, AS AMENDED BY P.L.95-2014,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 39. (a) As used in this section:
4 "Allocation area" means that part of a redevelopment project area
5 to which an allocation provision of a declaratory resolution adopted
6 under section 15 of this chapter refers for purposes of distribution and
7 allocation of property taxes.
8 "Base assessed value" means the following:
9 (1) If an allocation provision is adopted after June 30, 1995, in a
10 declaratory resolution or an amendment to a declaratory
11 resolution establishing an economic development area:
12 (A) the net assessed value of all the property as finally
13 determined for the assessment date immediately preceding the
14 effective date of the allocation provision of the declaratory
15 resolution, as adjusted under subsection (h); plus



- 1 (B) to the extent that it is not included in clause (A), the net
 2 assessed value of property that is assessed as residential
 3 property under the rules of the department of local government
 4 finance, as finally determined for any assessment date after the
 5 effective date of the allocation provision.
- 6 (2) If an allocation provision is adopted after June 30, 1997, in a
 7 declaratory resolution or an amendment to a declaratory
 8 resolution establishing a redevelopment project area:
- 9 (A) the net assessed value of all the property as finally
 10 determined for the assessment date immediately preceding the
 11 effective date of the allocation provision of the declaratory
 12 resolution, as adjusted under subsection (h); plus
- 13 (B) to the extent that it is not included in clause (A), the net
 14 assessed value of property that is assessed as residential
 15 property under the rules of the department of local government
 16 finance, as finally determined for any assessment date after the
 17 effective date of the allocation provision.
- 18 (3) If:
- 19 (A) an allocation provision adopted before June 30, 1995, in
 20 a declaratory resolution or an amendment to a declaratory
 21 resolution establishing a redevelopment project area expires
 22 after June 30, 1997; and
- 23 (B) after June 30, 1997, a new allocation provision is included
 24 in an amendment to the declaratory resolution;
 25 the net assessed value of all the property as finally determined for
 26 the assessment date immediately preceding the effective date of
 27 the allocation provision adopted after June 30, 1997, as adjusted
 28 under subsection (h).
- 29 (4) Except as provided in subdivision (5), for all other allocation
 30 areas, the net assessed value of all the property as finally
 31 determined for the assessment date immediately preceding the
 32 effective date of the allocation provision of the declaratory
 33 resolution, as adjusted under subsection (h).
- 34 (5) If an allocation area established in an economic development
 35 area before July 1, 1995, is expanded after June 30, 1995, the
 36 definition in subdivision (1) applies to the expanded part of the
 37 area added after June 30, 1995.
- 38 (6) If an allocation area established in a redevelopment project
 39 area before July 1, 1997, is expanded after June 30, 1997, the
 40 definition in subdivision (2) applies to the expanded part of the
 41 area added after June 30, 1997.
- 42 **If a declaratory resolution or amendment is adopted after June**



1 **30, 2015, that establishes, renews, or expands an allocation**
 2 **provision or area, the department of local government finance shall**
 3 **increase the base assessed value each year for the district so that**
 4 **the incremental assessed value is fifty percent (50%) of what the**
 5 **incremental assessed value would be in the allocation area without**
 6 **this increase in the base assessed value. This increase shall be made**
 7 **after making all other adjustments to the base assessed value.**

8 Except as provided in section 39.3 of this chapter, "Property taxes",
 9 **except as provided in section 39.3 of this chapter,** means taxes
 10 imposed under IC 6-1.1 on real property. However, upon approval by
 11 a resolution of the redevelopment commission adopted before June 1,
 12 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on
 13 depreciable personal property. If a redevelopment commission adopted
 14 before June 1, 1987, a resolution to include within the definition of
 15 property taxes, taxes imposed under IC 6-1.1 on depreciable personal
 16 property that has a useful life in excess of eight (8) years, the
 17 commission may by resolution determine the percentage of taxes
 18 imposed under IC 6-1.1 on all depreciable personal property that will
 19 be included within the definition of property taxes. However, the
 20 percentage included must not exceed twenty-five percent (25%) of the
 21 taxes imposed under IC 6-1.1 on all depreciable personal property.

22 (b) A declaratory resolution adopted under section 15 of this chapter
 23 on or before the allocation deadline determined under subsection (i)
 24 may include a provision with respect to the allocation and distribution
 25 of property taxes for the purposes and in the manner provided in this
 26 section. A declaratory resolution previously adopted may include an
 27 allocation provision by the amendment of that declaratory resolution on
 28 or before the allocation deadline determined under subsection (i) in
 29 accordance with the procedures required for its original adoption. A
 30 declaratory resolution or amendment that establishes an allocation
 31 provision must include a specific finding of fact, supported by
 32 evidence, that the adoption of the allocation provision will result in
 33 new property taxes in the area that would not have been generated but
 34 for the adoption of the allocation provision. For an allocation area
 35 established before July 1, 1995, the expiration date of any allocation
 36 provisions for the allocation area is June 30, 2025, or the last date of
 37 any obligations that are outstanding on July 1, 2015, whichever is later.
 38 A declaratory resolution or an amendment that establishes an allocation
 39 provision after June 30, 1995, must specify an expiration date for the
 40 allocation provision. For an allocation area established before July 1,
 41 2008, the expiration date may not be more than thirty (30) years after
 42 the date on which the allocation provision is established. For an



1 allocation area established after June 30, 2008, the expiration date may
 2 not be more than twenty-five (25) years after the date on which the first
 3 obligation was incurred to pay principal and interest on bonds or lease
 4 rentals on leases payable from tax increment revenues. However, with
 5 respect to bonds or other obligations that were issued before July 1,
 6 2008, if any of the bonds or other obligations that were scheduled when
 7 issued to mature before the specified expiration date and that are
 8 payable only from allocated tax proceeds with respect to the allocation
 9 area remain outstanding as of the expiration date, the allocation
 10 provision does not expire until all of the bonds or other obligations are
 11 no longer outstanding. The allocation provision may apply to all or part
 12 of the redevelopment project area. The allocation provision must
 13 require that any property taxes subsequently levied by or for the benefit
 14 of any public body entitled to a distribution of property taxes on taxable
 15 property in the allocation area be allocated and distributed as follows:

16 (1) Except as otherwise provided in this section, the proceeds of
 17 the taxes attributable to the lesser of:

18 (A) the assessed value of the property for the assessment date
 19 with respect to which the allocation and distribution is made;

20 or

21 (B) the base assessed value;

22 shall be allocated to and, when collected, paid into the funds of
 23 the respective taxing units.

24 (2) The excess of the proceeds of the property taxes imposed for
 25 the assessment date with respect to which the allocation and
 26 distribution is made that are attributable to taxes imposed after
 27 being approved by the voters in a referendum or local public
 28 question conducted after April 30, 2010, not otherwise included
 29 in subdivision (1) shall be allocated to and, when collected, paid
 30 into the funds of the taxing unit for which the referendum or local
 31 public question was conducted.

32 (3) Except as otherwise provided in this section, property tax
 33 proceeds in excess of those described in subdivisions (1) and (2)
 34 shall be allocated to the redevelopment district and, when
 35 collected, paid into an allocation fund for that allocation area that
 36 may be used by the redevelopment district only to do one (1) or
 37 more of the following:

38 (A) Pay the principal of and interest on any obligations
 39 payable solely from allocated tax proceeds which are incurred
 40 by the redevelopment district for the purpose of financing or
 41 refinancing the redevelopment of that allocation area.

42 (B) Establish, augment, or restore the debt service reserve for



- 1 bonds payable solely or in part from allocated tax proceeds in
- 2 that allocation area.
- 3 (C) Pay the principal of and interest on bonds payable from
- 4 allocated tax proceeds in that allocation area and from the
- 5 special tax levied under section 27 of this chapter.
- 6 (D) Pay the principal of and interest on bonds issued by the
- 7 unit to pay for local public improvements that are physically
- 8 located in or physically connected to that allocation area.
- 9 (E) Pay premiums on the redemption before maturity of bonds
- 10 payable solely or in part from allocated tax proceeds in that
- 11 allocation area.
- 12 (F) Make payments on leases payable from allocated tax
- 13 proceeds in that allocation area under section 25.2 of this
- 14 chapter.
- 15 (G) Reimburse the unit for expenditures made by it for local
- 16 public improvements (which include buildings, parking
- 17 facilities, and other items described in section 25.1(a) of this
- 18 chapter) that are physically located in or physically connected
- 19 to that allocation area.
- 20 (H) Reimburse the unit for rentals paid by it for a building or
- 21 parking facility that is physically located in or physically
- 22 connected to that allocation area under any lease entered into
- 23 under IC 36-1-10.
- 24 (I) For property taxes first due and payable before January 1,
- 25 2009, pay all or a part of a property tax replacement credit to
- 26 taxpayers in an allocation area as determined by the
- 27 redevelopment commission. This credit equals the amount
- 28 determined under the following STEPS for each taxpayer in a
- 29 taxing district (as defined in IC 6-1.1-1-20) that contains all or
- 30 part of the allocation area:
- 31 STEP ONE: Determine that part of the sum of the amounts
- 32 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
- 33 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
- 34 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to
- 35 the taxing district.
- 36 STEP TWO: Divide:
- 37 (i) that part of each county's eligible property tax
- 38 replacement amount (as defined in IC 6-1.1-21-2 (before its
- 39 repeal)) for that year as determined under IC 6-1.1-21-4
- 40 (before its repeal) that is attributable to the taxing district;
- 41 by
- 42 (ii) the STEP ONE sum.



STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2 (before its repeal)) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(L) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

- (i) Make, when due, any payments required under clauses (A) through (K), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and



any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.

The allocation fund may not be used for operating expenses of the commission.

(4) Except as provided in subsection (g), before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3).

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

(C) If:



- (i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus
- (ii) the amount necessary for other purposes described in subdivision (3);

the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has



obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. The amount sufficient for purposes specified in subsection (b)(3) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(3), except that where reference is made in subsection (b)(3) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment in an area under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the



1 redevelopment district under this section. However, the adjustments
2 under this subsection:

3 (1) may not include the effect of phasing in assessed value due to
4 property tax abatements under IC 6-1.1-12.1;

5 (2) may not produce less property tax proceeds allocable to the
6 redevelopment district under subsection (b)(3) than would
7 otherwise have been received if the general reassessment, the
8 reassessment under the reassessment plan, or the annual
9 adjustment had not occurred; and

10 (3) may decrease base assessed value only to the extent that
11 assessed values in the allocation area have been decreased due to
12 annual adjustments or the reassessment under the reassessment
13 plan.

14 Assessed value increases attributable to the application of an abatement
15 schedule under IC 6-1.1-12.1 may not be included in the base assessed
16 value of an allocation area. The department of local government
17 finance may prescribe procedures for county and township officials to
18 follow to assist the department in making the adjustments.

19 (i) The allocation deadline referred to in subsection (b) is
20 determined in the following manner:

21 (1) The initial allocation deadline is December 31, 2011.

22 (2) Subject to subdivision (3), the initial allocation deadline and
23 subsequent allocation deadlines are automatically extended in
24 increments of five (5) years, so that allocation deadlines
25 subsequent to the initial allocation deadline fall on December 31,
26 2016, and December 31 of each fifth year thereafter.

27 (3) At least one (1) year before the date of an allocation deadline
28 determined under subdivision (2), the general assembly may enact
29 a law that:

30 (A) terminates the automatic extension of allocation deadlines
31 under subdivision (2); and

32 (B) specifically designates a particular date as the final
33 allocation deadline.

34 SECTION 2. IC 36-7-15.1-26, AS AMENDED BY P.L.95-2014,
35 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 UPON PASSAGE]: Sec. 26. (a) As used in this section:

37 "Allocation area" means that part of a redevelopment project area
38 to which an allocation provision of a resolution adopted under section
39 8 of this chapter refers for purposes of distribution and allocation of
40 property taxes.

41 "Base assessed value" means the following:

42 (1) If an allocation provision is adopted after June 30, 1995, in a



1 declaratory resolution or an amendment to a declaratory
2 resolution establishing an economic development area:

3 (A) the net assessed value of all the property as finally
4 determined for the assessment date immediately preceding the
5 effective date of the allocation provision of the declaratory
6 resolution, as adjusted under subsection (h); plus

7 (B) to the extent that it is not included in clause (A), the net
8 assessed value of property that is assessed as residential
9 property under the rules of the department of local government
10 finance, as finally determined for any assessment date after the
11 effective date of the allocation provision.

12 (2) If an allocation provision is adopted after June 30, 1997, in a
13 declaratory resolution or an amendment to a declaratory
14 resolution establishing a redevelopment project area:

15 (A) the net assessed value of all the property as finally
16 determined for the assessment date immediately preceding the
17 effective date of the allocation provision of the declaratory
18 resolution, as adjusted under subsection (h); plus

19 (B) to the extent that it is not included in clause (A), the net
20 assessed value of property that is assessed as residential
21 property under the rules of the department of local government
22 finance, as finally determined for any assessment date after the
23 effective date of the allocation provision.

24 (3) If:

25 (A) an allocation provision adopted before June 30, 1995, in
26 a declaratory resolution or an amendment to a declaratory
27 resolution establishing a redevelopment project area expires
28 after June 30, 1997; and

29 (B) after June 30, 1997, a new allocation provision is included
30 in an amendment to the declaratory resolution;

31 the net assessed value of all the property as finally determined for
32 the assessment date immediately preceding the effective date of
33 the allocation provision adopted after June 30, 1997, as adjusted
34 under subsection (h).

35 (4) Except as provided in subdivision (5), for all other allocation
36 areas, the net assessed value of all the property as finally
37 determined for the assessment date immediately preceding the
38 effective date of the allocation provision of the declaratory
39 resolution, as adjusted under subsection (h).

40 (5) If an allocation area established in an economic development
41 area before July 1, 1995, is expanded after June 30, 1995, the
42 definition in subdivision (1) applies to the expanded part of the



1 area added after June 30, 1995.

2 (6) If an allocation area established in a redevelopment project
3 area before July 1, 1997, is expanded after June 30, 1997, the
4 definition in subdivision (2) applies to the expanded part of the
5 area added after June 30, 1997.

6 **If a declaratory resolution or amendment is adopted after June**
7 **30, 2015, that establishes, renews, or expands an allocation**
8 **provision or area, the department of local government finance shall**
9 **increase the base assessed value each year for the district so that**
10 **the incremental assessed value is fifty percent (50%) of what the**
11 **incremental assessed value would be in the allocation area without**
12 **this increase in the base assessed value. This increase shall be made**
13 **after making all other adjustments to the base assessed value.**

14 Except as provided in section 26.2 of this chapter, "Property taxes",
15 except as provided in section 26.2 of this chapter, means taxes
16 imposed under IC 6-1.1 on real property. However, upon approval by
17 a resolution of the redevelopment commission adopted before June 1,
18 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on
19 depreciable personal property. If a redevelopment commission adopted
20 before June 1, 1987, a resolution to include within the definition of
21 property taxes, taxes imposed under IC 6-1.1 on depreciable personal
22 property that has a useful life in excess of eight (8) years, the
23 commission may by resolution determine the percentage of taxes
24 imposed under IC 6-1.1 on all depreciable personal property that will
25 be included within the definition of property taxes. However, the
26 percentage included must not exceed twenty-five percent (25%) of the
27 taxes imposed under IC 6-1.1 on all depreciable personal property.

28 (b) A resolution adopted under section 8 of this chapter on or before
29 the allocation deadline determined under subsection (i) may include a
30 provision with respect to the allocation and distribution of property
31 taxes for the purposes and in the manner provided in this section. A
32 resolution previously adopted may include an allocation provision by
33 the amendment of that resolution on or before the allocation deadline
34 determined under subsection (i) in accordance with the procedures
35 required for its original adoption. A declaratory resolution or
36 amendment that establishes an allocation provision must include a
37 specific finding of fact, supported by evidence, that the adoption of the
38 allocation provision will result in new property taxes in the area that
39 would not have been generated but for the adoption of the allocation
40 provision. For an allocation area established before July 1, 1995, the
41 expiration date of any allocation provisions for the allocation area is
42 June 30, 2025, or the last date of any obligations that are outstanding



on July 1, 2015, whichever is later. However, ~~an expiration date imposed by this subsection does not apply to~~ for an allocation area identified as the Consolidated Allocation Area in the report submitted in 2013 to the fiscal body under section 36.3 of this chapter, **the expiration date of any allocation provisions for the allocation area is June 30, 2026, or the last date of any obligations that are outstanding on July 1, 2016, whichever is later.** A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

- (1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:
 - (A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;
 - or
 - (B) the base assessed value;
 shall be allocated to and, when collected, paid into the funds of the respective taxing units.
- (2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included in subdivision (1) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local



public question was conducted.

(3) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.



However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

(i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

(iv) Establish, augment, or restore any debt service reserve under this subdivision.

(K) Expend money and provide financial assistance as authorized in section 7(a)(21) of this chapter.

The special fund may not be used for operating expenses of the commission.

(4) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who



are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set



1 forth in subsection (b)(3).

2 (e) Notwithstanding any other law, each assessor shall, upon
3 petition of the commission, reassess the taxable property situated upon
4 or in, or added to, the allocation area, effective on the next assessment
5 date after the petition.

6 (f) Notwithstanding any other law, the assessed value of all taxable
7 property in the allocation area, for purposes of tax limitation, property
8 tax replacement, and formulation of the budget, tax rate, and tax levy
9 for each political subdivision in which the property is located is the
10 lesser of:

11 (1) the assessed value of the property as valued without regard to
12 this section; or

13 (2) the base assessed value.

14 (g) If any part of the allocation area is located in an enterprise zone
15 created under IC 5-28-15, the unit that designated the allocation area
16 shall create funds as specified in this subsection. A unit that has
17 obligations, bonds, or leases payable from allocated tax proceeds under
18 subsection (b)(3) shall establish an allocation fund for the purposes
19 specified in subsection (b)(3) and a special zone fund. Such a unit
20 shall, until the end of the enterprise zone phase out period, deposit each
21 year in the special zone fund the amount in the allocation fund derived
22 from property tax proceeds in excess of those described in subsection
23 (b)(1) and (b)(2) from property located in the enterprise zone that
24 exceeds the amount sufficient for the purposes specified in subsection
25 (b)(3) for the year. A unit that has no obligations, bonds, or leases
26 payable from allocated tax proceeds under subsection (b)(3) shall
27 establish a special zone fund and deposit all the property tax proceeds
28 in excess of those described in subsection (b)(1) and (b)(2) in the fund
29 derived from property tax proceeds in excess of those described in
30 subsection (b)(1) and (b)(2) from property located in the enterprise
31 zone. The unit that creates the special zone fund shall use the fund,
32 based on the recommendations of the urban enterprise association, for
33 one (1) or more of the following purposes:

34 (1) To pay for programs in job training, job enrichment, and basic
35 skill development designed to benefit residents and employers in
36 the enterprise zone. The programs must reserve at least one-half
37 (1/2) of the enrollment in any session for residents of the
38 enterprise zone.

39 (2) To make loans and grants for the purpose of stimulating
40 business activity in the enterprise zone or providing employment
41 for enterprise zone residents in the enterprise zone. These loans
42 and grants may be made to the following:



- 1 (A) Businesses operating in the enterprise zone.
- 2 (B) Businesses that will move their operations to the enterprise
- 3 zone if such a loan or grant is made.
- 4 (3) To provide funds to carry out other purposes specified in
- 5 subsection (b)(3). However, where reference is made in
- 6 subsection (b)(3) to the allocation area, the reference refers for
- 7 purposes of payments from the special zone fund only to that part
- 8 of the allocation area that is also located in the enterprise zone.
- 9 (h) The state board of accounts and department of local government
- 10 finance shall make the rules and prescribe the forms and procedures
- 11 that they consider expedient for the implementation of this chapter.
- 12 After each general reassessment of real property in an area under
- 13 IC 6-1.1-4-4 and after each reassessment under a reassessment plan
- 14 prepared under IC 6-1.1-4-4.2, the department of local government
- 15 finance shall adjust the base assessed value one (1) time to neutralize
- 16 any effect of the reassessment of the real property in the area on the
- 17 property tax proceeds allocated to the redevelopment district under this
- 18 section. After each annual adjustment under IC 6-1.1-4-4.5, the
- 19 department of local government finance shall adjust the base assessed
- 20 value to neutralize any effect of the annual adjustment on the property
- 21 tax proceeds allocated to the redevelopment district under this section.
- 22 However, the adjustments under this subsection may not include the
- 23 effect of property tax abatements under IC 6-1.1-12.1, and these
- 24 adjustments may not produce less property tax proceeds allocable to
- 25 the redevelopment district under subsection (b)(3) than would
- 26 otherwise have been received if the general reassessment, reassessment
- 27 under the reassessment plan, or annual adjustment had not occurred.
- 28 The department of local government finance may prescribe procedures
- 29 for county and township officials to follow to assist the department in
- 30 making the adjustments.
- 31 (i) The allocation deadline referred to in subsection (b) is
- 32 determined in the following manner:
- 33 (1) The initial allocation deadline is December 31, 2011.
- 34 (2) Subject to subdivision (3), the initial allocation deadline and
- 35 subsequent allocation deadlines are automatically extended in
- 36 increments of five (5) years, so that allocation deadlines
- 37 subsequent to the initial allocation deadline fall on December 31,
- 38 2016, and December 31 of each fifth year thereafter.
- 39 (3) At least one (1) year before the date of an allocation deadline
- 40 determined under subdivision (2), the general assembly may enact
- 41 a law that:
- 42 (A) terminates the automatic extension of allocation deadlines



under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 3. IC 36-7-15.1-53, AS AMENDED BY P.L.112-2012, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

If a declaratory resolution or amendment is adopted after June 30, 2015, that establishes, renews, or expands an allocation provision or area, the department of local government finance shall increase the base assessed value each year for the district so that the incremental assessed value is fifty percent (50%) of what the incremental assessed value would be in the allocation area without this increase in the base assessed value. This increase shall be made after making all other adjustments to the base assessed value.

Except as provided in section 55 of this chapter, "Property taxes", except as provided in section 55 of this chapter, means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision.



1 For an allocation area established before July 1, 2008, the expiration
 2 date may not be more than thirty (30) years after the date on which the
 3 allocation provision is established. For an allocation area established
 4 after June 30, 2008, the expiration date may not be more than
 5 twenty-five (25) years after the date on which the first obligation was
 6 incurred to pay principal and interest on bonds or lease rentals on
 7 leases payable from tax increment revenues. However, with respect to
 8 bonds or other obligations that were issued before July 1, 2008, if any
 9 of the bonds or other obligations that were scheduled when issued to
 10 mature before the specified expiration date and that are payable only
 11 from allocated tax proceeds with respect to the allocation area remain
 12 outstanding as of the expiration date, the allocation provision does not
 13 expire until all of the bonds or other obligations are no longer
 14 outstanding. The allocation provision may apply to all or part of the
 15 redevelopment project area. The allocation provision must require that
 16 any property taxes subsequently levied by or for the benefit of any
 17 public body entitled to a distribution of property taxes on taxable
 18 property in the allocation area be allocated and distributed as follows:

19 (1) Except as otherwise provided in this section, the proceeds of
 20 the taxes attributable to the lesser of:

21 (A) the assessed value of the property for the assessment date
 22 with respect to which the allocation and distribution is made;
 23 or

24 (B) the base assessed value;
 25 shall be allocated to and, when collected, paid into the funds of
 26 the respective taxing units.

27 (2) The excess of the proceeds of the property taxes imposed for
 28 the assessment date with respect to which the allocation and
 29 distribution is made that are attributable to taxes imposed after
 30 being approved by the voters in a referendum or local public
 31 question conducted after April 30, 2010, not otherwise included
 32 in subdivision (1) shall be allocated to and, when collected, paid
 33 into the funds of the taxing unit for which the referendum or local
 34 public question was conducted.

35 (3) Except as otherwise provided in this section, property tax
 36 proceeds in excess of those described in subdivisions (1) and (2)
 37 shall be allocated to the redevelopment district and, when
 38 collected, paid into a special fund for that allocation area that may
 39 be used by the redevelopment district only to do one (1) or more
 40 of the following:

41 (A) Pay the principal of and interest on any obligations
 42 payable solely from allocated tax proceeds that are incurred by



the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.



(4) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

- (i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(3) may, subject to subsection (b)(4), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(3).

(e) Notwithstanding any other law, each assessor shall, upon



petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise



1 zone if such a loan or grant is made.

2 (3) To provide funds to carry out other purposes specified in
3 subsection (b)(3). However, where reference is made in
4 subsection (b)(3) to the allocation area, the reference refers, for
5 purposes of payments from the special zone fund, only to that part
6 of the allocation area that is also located in the enterprise zone.

7 (h) The state board of accounts and department of local government
8 finance shall make the rules and prescribe the forms and procedures
9 that they consider expedient for the implementation of this chapter.
10 After each general reassessment of real property in an area under
11 IC 6-1.1-4-4 or reassessment under a county's reassessment plan
12 prepared under IC 6-1.1-4-4.2, the department of local government
13 finance shall adjust the base assessed value one (1) time to neutralize
14 any effect of the reassessment of the real property in the area on the
15 property tax proceeds allocated to the redevelopment district under this
16 section. After each annual adjustment under IC 6-1.1-4-4.5, the
17 department of local government finance shall adjust the base assessed
18 value to neutralize any effect of the annual adjustment on the property
19 tax proceeds allocated to the redevelopment district under this section.
20 However, the adjustments under this subsection may not include the
21 effect of property tax abatements under IC 6-1.1-12.1, and these
22 adjustments may not produce less property tax proceeds allocable to
23 the redevelopment district under subsection (b)(3) than would
24 otherwise have been received if the general reassessment, reassessment
25 under the county's reassessment plan, or annual adjustment had not
26 occurred. The department of local government finance may prescribe
27 procedures for county and township officials to follow to assist the
28 department in making the adjustments.

29 (i) The allocation deadline referred to in subsection (b) is
30 determined in the following manner:

31 (1) The initial allocation deadline is December 31, 2011.

32 (2) Subject to subdivision (3), the initial allocation deadline and
33 subsequent allocation deadlines are automatically extended in
34 increments of five (5) years, so that allocation deadlines
35 subsequent to the initial allocation deadline fall on December 31,
36 2016, and December 31 of each fifth year thereafter.

37 (3) At least one (1) year before the date of an allocation deadline
38 determined under subdivision (2), the general assembly may enact
39 a law that:

40 (A) terminates the automatic extension of allocation deadlines
41 under subdivision (2); and

42 (B) specifically designates a particular date as the final



1 allocation deadline.
2 SECTION 4. **An emergency is declared for this act.**

