



March 2, 2018

ENGROSSED HOUSE BILL No. 1256

DIGEST OF HB 1256 (Updated February 28, 2018 3:16 pm - DI 87)

Citations Affected: IC 36-1; IC 36-7; noncode.

Synopsis: Various local government matters. Requires a municipal or county redevelopment commissioner (commissioner) to reside within the commission's jurisdictional area instead of the municipality or county. Allows a commissioner who does not meet the residency requirement to serve until the earlier of: (1) the appointment and qualification of the commissioner's successor; or (2) October 1, 2018. Provides that in the case of a county that sells a county hospital before July 1, 2018, the county council and the county executive may, by adopting substantially similar ordinances, establish a charitable nonprofit foundation (foundation) to hold some or all of the proceeds
(Continued next page)

Effective: July 1, 2018.

Lyness, Moed

(SENATE SPONSORS — PERFECT, GROOMS)

January 11, 2018, read first time and referred to Committee on Government and Regulatory Reform.

January 30, 2018, reported — Do Pass.

February 1, 2018, read second time, ordered engrossed. Engrossed.

February 5, 2018, read third time, passed. Yeas 93, nays 0.

SENATE ACTION

February 7, 2018, read first time and referred to Committee on Local Government.

March 1, 2018, amended, reported favorably — Do Pass.

EH 1256—LS 7121/DI 129



Digest Continued

of the sale of the county hospital in trust for the benefit of the county. Provides the details for the operation of the foundation and use of the trust funds. Provides that another unit in the same county may enter into an interlocal agreement with the county council, the county executive, and the board to invest funds obtained by the unit from the sale of a capital asset into the foundation. Establishes requirements for the contents of the interlocal agreement. Provides that the department of local government finance (DLGF) may not reduce the actual or maximum permissible property tax levy of a unit that enters into an interlocal agreement on account of money transferred into or expended from the foundation. Permits the county to: (1) use money from the principal amount of the donation as a pledge of money to bonds, leases, or other obligations; and (2) pay bonds issued by the county. Specifies that the DLGF may not reduce a county's maximum or actual permissible property tax levy on account of money deposited into or expended from a foundation.

EH 1256—LS 7121/DI 129



March 2, 2018

Second Regular Session of the 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1256

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

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

1 SECTION 1. IC 36-1-14-5 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2018]: **Sec. 5. (a) This section applies to the sale of a county
4 hospital before July 1, 2018.**
5 **(b) As used in this section, "board" means the board of trustees
6 of a foundation established under subsection (e).**
7 **(c) As used in this section, "foundation" means a charitable
8 nonprofit foundation established under subsection (d).**
9 **(d) A county council and a county executive may, by adopting
10 substantially similar ordinances, establish a charitable nonprofit
11 foundation to hold some or all of the proceeds of the sale of a
12 county hospital in trust for the benefit of the county. The county
13 council and the county executive may adopt ordinances under this
14 subsection before, after, or at the time of the sale of the county
15 hospital.**
16 **(e) If a foundation is established under this section, the board of
17 trustees of the foundation consists of the following five (5)**

EH 1256—LS 7121/DI 129



- 1 **members:**
- 2 (1) One (1) member of the county council, appointed by the
- 3 president of the county council.
- 4 (2) One (1) member of the county executive, appointed by the
- 5 president of the county executive.
- 6 (3) One (1) individual who has at least five (5) years of
- 7 experience as a certified public accountant, a financial
- 8 adviser, a banker, or an investment manager, appointed by
- 9 the president of the county council.
- 10 (4) One (1) individual who has at least five (5) years of
- 11 experience as a certified public accountant, a financial
- 12 adviser, a banker, or an investment manager, appointed by
- 13 the president of the county executive.
- 14 (5) The county treasurer.
- 15 A member who serves on the board under this subsection is not
- 16 entitled to compensation for service as a board member. Subject to
- 17 the approval of the policy by the county council and the county
- 18 executive, the board may establish a policy to reimburse a member
- 19 of the board for the member's travel expenses and other expenses
- 20 actually incurred in connection with the member's duties.
- 21 (f) The county treasurer shall serve as the chairperson of the
- 22 board.
- 23 (g) The board of a foundation established under this section
- 24 shall contract with a financial institution eligible to receive public
- 25 funds of a political subdivision under IC 5-13-8-1 to assist the
- 26 board in its investment program.
- 27 (h) The county council and the county executive shall do the
- 28 following:
- 29 (1) Formulate an investment policy that ensures that money
- 30 held by the foundation is invested in accordance with
- 31 IC 30-2-12.
- 32 (2) Establish a policy concerning distributions of income and
- 33 principal from the foundation.
- 34 A policy concerning distributions of income and principal that is
- 35 established under subdivision (2) must specify that, except as
- 36 provided in subsection (i)(5), the board may not expend or transfer
- 37 money from the principal amount of the donation to the
- 38 foundation.
- 39 (i) The following apply if a foundation is established under this
- 40 section:
- 41 (1) The county council and the county executive shall
- 42 determine the amount of the proceeds from the sale of the



1 county hospital that shall be transferred by the county fiscal
2 officer to the foundation.

3 **(2) The principal amount of the donation to the foundation**
4 **consists of the following:**

5 **(A) The amount transferred to the foundation under**
6 **subdivision (1).**

7 **(B) Any donations, gifts, or other money received from any**
8 **private source.**

9 **(3) The county council and county executive shall establish a**
10 **policy to set the annual rate of spending from the foundation.**
11 **The rate of spending established by the county council and**
12 **county executive may not exceed five percent (5%) of the**
13 **principal amount of the donation calculated on January 1 of**
14 **each year. The county council and county executive may**
15 **change the annual rate of spending by a majority vote of the**
16 **members of the county council and a majority vote of the**
17 **members of the county executive. Any principal that is**
18 **disbursed from the foundation to the county is not subject to**
19 **the procedures to access the principal amount of the donation**
20 **described in subdivision (5).**

21 **(4) The county council and county executive may not access**
22 **the principal amount of the donation in the first five (5) years**
23 **from the date the foundation is established under this section.**
24 **Beginning after the fifth year from the date the foundation is**
25 **established under this section, the county council and county**
26 **executive may access the principal amount of the donation in**
27 **accordance with subdivision (5).**

28 **(5) This subdivision does not apply to an expenditure or**
29 **transfer of money that is part of the principal amount of the**
30 **donation that is used to meet the annual rate of spending and**
31 **does not exceed the annual rate of spending established under**
32 **subdivision (3). The county council and county executive may**
33 **approve an expenditure or transfer of any money that is part**
34 **of the principal amount of the donation in accordance with**
35 **the following:**

36 **(A) The county council and county executive may access**
37 **the lesser of ten percent (10%) of the three (3) year**
38 **average balance or two million dollars (\$2,000,000) from**
39 **the principal amount of the donation as follows:**

40 **(i) A vote of five (5) of the seven (7) members of the**
41 **county council and a majority vote of the county**
42 **executive at a joint meeting of the county council and the**



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42

county executive must vote in favor of accessing the principal amount of the donation.

(ii) A vote under item (i) to access the principal amount of the donation may occur not more than one (1) time per year.

(iii) The three (3) year average balance is based on the opening balance of the principal amount of the donation on the first day of the month of each of the thirty-six (36) months immediately preceding the joint meeting of the county council and the county executive described in item (i).

(B) If the county council and county executive wish to access an amount from the principal amount of the donation that is more than the amount available under clause (A) but not more than fifty percent (50%) of the principal amount of the donation, the board shall proceed as follows:

(i) Five (5) of the seven (7) members of the county council and a majority vote of the county executive at a joint meeting of the county council and the county executive must vote in favor of accessing the principal amount of the donation. The votes of the county council and the county executive at the joint meeting must occur on two (2) occasions as provided in item (ii).

(ii) The votes described in item (i) must occur on two (2) occasions that are at least one (1) year apart but not more than two (2) years apart.

(iii) The votes described in item (i) must be based on identical language in an ordinance that sets forth the approved use of the funds accessed from the principal amount of the donation.

If the language in an ordinance under this clause is different from the language used in the first vote, the process to vote on accessing the principal amount of the donation must start over. The process to access the principal amount of the donation described in this clause may be used only once in any five (5) year period after the expiration of the five (5) year period in which the principal amount may not be accessed under subdivision (4).

(C) To compute the five (5) year period described in clause (B), the period begins from the date on which the second vote to access the principal amount of the donation occurs.



1 **(6) The foundation must be audited annually by an**
 2 **independent third party auditor.**

3 **(7) The board must meet at least quarterly to receive a**
 4 **quarterly compliance and performance update from the**
 5 **investment advisor.**

6 **(j) A unit located in a county to which this section applies may**
 7 **enter into an interlocal agreement under IC 36-1-7 with the county**
 8 **council, the county executive, and the board to invest funds**
 9 **obtained by the unit from the sale of a capital asset into the**
 10 **foundation established under this section. An interlocal agreement**
 11 **entered into under this subsection must contain the following:**

12 **(1) Funds transferred to the foundation from the sale of a**
 13 **capital asset under this subsection must be held in a separate**
 14 **account within the foundation and are not subject to the**
 15 **requirements of accessing principal and income established in**
 16 **this section.**

17 **(2) A policy concerning distributions of income and principal**
 18 **from the unit's account within the foundation.**

19 **The department of local government finance may not reduce the**
 20 **actual or maximum permissible property tax levy under**
 21 **IC 6-1.1-18.5 or any other law of a unit that enters into an**
 22 **interlocal agreement under this subsection on account of money**
 23 **transferred into or expended from a foundation established under**
 24 **this section.**

25 **(k) Subject to subsection (i)(4), money from the principal**
 26 **amount of the donation may be used for any legal or corporate**
 27 **purpose of the county, including the pledge of money to pay bonds,**
 28 **leases, or other obligations under IC 5-1-14-4. Money from the**
 29 **principal amount of the donation that is expended or transferred**
 30 **under subsection (i)(5) may be used to pay bonds issued by the**
 31 **county. The county council and the county executive may vote once**
 32 **under subsection (i)(5) to expend or transfer money from the**
 33 **principal amount of the donation to pay interest on bonds issued by**
 34 **the county.**

35 **(l) The department of local government finance may not reduce**
 36 **the county's actual or maximum permissible property tax levy**
 37 **under IC 6-1.1-18.5 or any other law on account of money**
 38 **deposited into or expended from a foundation established under**
 39 **this section.**

40 **SECTION 2. IC 36-7-14-3.7, AS ADDED BY P.L.255-2013,**
 41 **SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 42 **JULY 1, 2018]: Sec. 3.7. (a) As used in this section, "development**



1 area" means a redevelopment project area, economic development area,
2 or urban renewal project area established under this chapter.

3 (b) The jurisdiction and control over a development area established
4 by the redevelopment commission of a first municipality may be
5 transferred from that redevelopment commission to the redevelopment
6 commission of a second, adjacent municipality if:

7 (1) the owners of one hundred percent (100%) of the real property
8 in the development area consent to the transfer;

9 (2) the fiscal body of the first municipality and the fiscal body of
10 the second, adjacent municipality:

11 (A) adopt or have adopted:

12 (i) substantially similar ordinances; or

13 (ii) an interlocal agreement;

14 consenting to the transfer of the jurisdiction and control over
15 the development area; and

16 (B) agree or have agreed to transfer the geographic territory
17 comprising the development area from the first municipality
18 to the second, adjacent municipality through disannexation,
19 interlocal agreement, or any other legal means;

20 (3) no tax increment from an allocation area within the
21 development area has been pledged for the payment of bonds or
22 the payment of lease rentals; and

23 (4) either the first municipality or the second, adjacent
24 municipality has before the date of the transfer completed a
25 reorganization under IC 36-1.5.

26 (c) If the requirements of subsection (b) are satisfied:

27 (1) the jurisdiction and control over the development area is
28 transferred without any other action required from the fiscal
29 bodies, the redevelopment commissions, or the plan commissions
30 of the municipalities or from any other state or local entity;

31 (2) the development area is thereafter part of the territory that is
32 under the jurisdiction and control of the redevelopment
33 commission of the second, adjacent municipality;

34 (3) the development area or the redevelopment plan may be
35 altered or amended by the second, adjacent municipality and the
36 redevelopment commission of the second, adjacent municipality
37 as otherwise provided in this chapter; and

38 (4) any property taxes collected within the development area that
39 were payable to the first municipality, to any taxing district of the
40 first municipality, or to the redevelopment commission of the first
41 municipality shall after the transfer be payable to the second,
42 adjacent municipality, to the taxing districts of the second,



- 1 adjacent municipality, or to the redevelopment commission of the
 2 second, adjacent municipality, as appropriate.
- 3 (d) If, before January 1, 2013, the redevelopment commission of the
 4 first municipality has entered into an agreement to reimburse a person
 5 or political subdivision for infrastructure improvements from tax
 6 increments from an allocation area within the development area, the
 7 obligation to make the reimbursement is transferred to the
 8 redevelopment commission of the second, adjacent municipality upon
 9 the effective date of the transfer of the jurisdiction and control over the
 10 development area.
- 11 (e) The authority to transfer the jurisdiction and control over a
 12 development area as provided in this section expires December 31,
 13 2013.
- 14 **(f) A redevelopment commissioner who resides within the**
 15 **development area satisfies the residency requirement under section**
 16 **7(d)(2) of this chapter for serving on the redevelopment**
 17 **commission of the second, adjacent municipality to which**
 18 **jurisdiction and control of the development area has been**
 19 **transferred.**
- 20 SECTION 3. IC 36-7-14-7, AS AMENDED BY P.L.127-2017,
 21 SECTION 203, IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE JULY 1, 2018]: Sec. 7. (a) Each redevelopment
 23 commissioner shall serve for one (1) year from the first day of January
 24 after the commissioner's appointment and until the commissioner's
 25 successor is appointed and has qualified, except that the original
 26 commissioners shall serve from the date of their appointment until the
 27 first day of January in the second year after their appointment. If a
 28 vacancy occurs, a successor shall be appointed in the same manner as
 29 the original commissioner, and the successor shall serve for the
 30 remainder of the vacated term.
- 31 (b) Each redevelopment commissioner, before beginning the
 32 commissioner's duties, shall take and subscribe an oath of office in the
 33 usual form, to be endorsed on the certificate of the commissioner's
 34 appointment, which shall be promptly filed with the clerk for the unit
 35 that the commissioner serves.
- 36 (c) Each redevelopment commissioner, before beginning the
 37 commissioner's duties, shall execute a bond payable to the state, with
 38 surety to be approved by the executive of the unit. The bond must be
 39 in the penal sum of fifteen thousand dollars (\$15,000) and must be
 40 conditioned on the faithful performance of the duties of the
 41 commissioner's office and the accounting for all monies and property
 42 that may come into the commissioner's hands or under the



1 commissioner's control. The cost of the bond shall be paid by the
2 special taxing district.

3 (d) A redevelopment commissioner must:

4 (1) be at least eighteen (18) years of age; and ~~must be a resident~~
5 ~~of the unit that the commissioner serves:~~

6 (2) **reside within the geographic area that is subject to the**
7 **jurisdiction and control of the redevelopment commission.**

8 (e) If a commissioner ceases to be qualified under this section, the
9 commissioner forfeits the commissioner's office.

10 (f) Except as provided in subsection (g), redevelopment
11 commissioners are not entitled to salaries but are entitled to
12 reimbursement for expenses necessarily incurred in the performance of
13 their duties.

14 (g) A redevelopment commissioner who does not otherwise hold a
15 lucrative office for the purpose of Article 2, Section 9 of the Indiana
16 Constitution may receive:

17 (1) a salary; or

18 (2) a per diem;

19 and is entitled to reimbursement for expenses necessarily incurred in
20 the performance of the redevelopment commissioner's duties.

21 SECTION 4. IC 36-7-14-15.5, AS AMENDED BY P.L.119-2012,
22 SECTION 206, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2018]: Sec. 15.5. (a) This section applies to a
24 county having a population of more than two hundred fifty thousand
25 (250,000) but less than two hundred seventy thousand (270,000).

26 (b) In adopting a declaratory resolution under section 15 of this
27 chapter, a redevelopment commission may include a provision stating
28 that the redevelopment project area is considered to include one (1) or
29 more additional areas outside the boundaries of the redevelopment
30 project area if the redevelopment commission makes the following
31 findings and the requirements of subsection (c) are met:

32 (1) One (1) or more taxpayers presently located within the
33 boundaries of the redevelopment project area are expected within
34 one (1) year to relocate all or part of their operations outside the
35 boundaries of the redevelopment project area and have expressed
36 an interest in relocating all or part of their operations within the
37 boundaries of an additional area.

38 (2) The relocation described in subdivision (1) will contribute to
39 the continuation of the conditions described in IC 36-7-1-3 in the
40 redevelopment project area.

41 (3) For purposes of this section, it will be of public utility and
42 benefit to include the additional areas as part of the



- 1 redevelopment project area.
- 2 (c) Each additional area must be designated by the redevelopment
3 commission as a redevelopment project area or an economic
4 development area under this chapter. **A redevelopment commissioner
5 who resides within the designated redevelopment project area or
6 economic development area:**
- 7 (1) satisfies the residency requirement under section 7(d)(2)
8 of this chapter; and
- 9 (2) may serve on the commission that designates the
10 redevelopment project area or economic development area.
- 11 (d) Notwithstanding section 3 of this chapter, the additional areas
12 shall be considered to be a part of the redevelopment special taxing
13 district under the jurisdiction of the redevelopment commission. Any
14 excess property taxes that the commission has determined may be paid
15 to taxing units under section 39(b)(4) of this chapter shall be paid to
16 the taxing units from which the excess property taxes were derived. All
17 powers of the redevelopment commission authorized under this chapter
18 may be exercised by the redevelopment commission in additional areas
19 under its jurisdiction.
- 20 (e) The declaratory resolution must include a statement of the
21 general boundaries of each additional area. However, it is sufficient to
22 describe those boundaries by location in relation to public ways,
23 streams, or otherwise, as determined by the commissioners.
- 24 (f) The declaratory resolution may include a provision with respect
25 to the allocation and distribution of property taxes with respect to one
26 (1) or more of the additional areas in the manner provided in section 39
27 of this chapter. If the redevelopment commission includes such a
28 provision in the resolution, allocation areas in the redevelopment
29 project area and in the additional areas considered to be part of the
30 redevelopment project area shall be considered a single allocation area
31 for purposes of this chapter.
- 32 (g) The additional areas must be located within the same county as
33 the redevelopment project area **or economic development area** but are
34 not otherwise required to be within the jurisdiction of the
35 redevelopment commission, if the redevelopment commission obtains
36 the consent by ordinance of:
- 37 (1) the county legislative body, for each additional area located
38 within the unincorporated part of the county; or
- 39 (2) the legislative body of the city or town affected, for each
40 additional area located within a city or town.
- 41 In granting its consent, the legislative body shall approve the plan of
42 development or redevelopment relating to the additional area.



1 (h) A declaratory resolution previously adopted may be amended to
 2 include a provision to include additional areas as set forth in this
 3 section and an allocation provision under section 39 of this chapter
 4 with respect to one (1) or more of the additional areas in accordance
 5 with sections 15, 16, and 17 of this chapter.

6 (i) The redevelopment commission may amend the allocation
 7 provision of a declaratory resolution in accordance with sections 15,
 8 16, and 17 of this chapter to change the assessment date that
 9 determines the base assessed value of property in the allocation area to
 10 any assessment date following the effective date of the allocation
 11 provision of the declaratory resolution. Such a change may relate to the
 12 assessment date that determines the base assessed value of that portion
 13 of the allocation area that is located in the redevelopment project area
 14 alone, that portion of the allocation area that is located in an additional
 15 area alone, or the entire allocation area.

16 SECTION 5. IC 36-7-14-19, AS AMENDED BY P.L.52-2017,
 17 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2018]: Sec. 19. (a) If no appeal is taken or if an appeal is
 19 taken but is unsuccessful, the redevelopment commission shall proceed
 20 with the proposed project to the extent that money is available for that
 21 purpose.

22 (b) The redevelopment commission shall first approve and adopt a
 23 list of the real property and interests in real property to be acquired and
 24 the price to be offered to the owner of each parcel of interest. For
 25 properties and interests in real property that:

26 (1) are not for sale at auction; or

27 (2) have a total purchase price (including land and structures, if
 28 any) of at least twenty-five thousand dollars (\$25,000);

29 the prices to be offered may not exceed the average of two (2)
 30 independent appraisals of fair market value procured by the
 31 commission except that appraisals are not required in transactions with
 32 other governmental agencies. The prices indicated on the list may not
 33 be exceeded unless specifically authorized by the commission or
 34 ordered by a court in condemnation proceedings. The commission may
 35 except from acquisition any real property in the area if the commission
 36 finds that such an acquisition is not necessary under the redevelopment
 37 plan. Appraisals made under this section are for the information of the
 38 commission and are not open for public inspection.

39 (c) Negotiations for the purchase of property may be carried on
 40 directly by the redevelopment commission, by its employees, or by
 41 expert negotiations, but no option, contract, or understanding relative
 42 to the purchase of real property is binding on the commission until



1 approved and accepted by the commission in writing. The commission
 2 may authorize the payment of a nominal fee to bind an option and as a
 3 part of the consideration for conveyance may agree to pay the expense
 4 incident to the conveyance and determination of the title of the
 5 property. Payment for the property purchased shall be made when and
 6 as directed by the commission but only on delivery of proper
 7 instruments conveying the title or interest of the owner to the "City (or
 8 Town or County) of _____, for the use and benefit of its
 9 ~~department of redevelopment".~~ **Department of Redevelopment".**
 10 Notwithstanding the other provisions of this subsection, any agreement
 11 by the commission to:

- 12 (1) make payments for the property to be purchased for a term
- 13 exceeding three (3) years; or
- 14 (2) pay a purchase price for the property that exceeds five million
- 15 dollars (\$5,000,000);

16 is subject to the prior approval of the legislative body of the unit.

17 (d) All real property and interests in real property acquired by the
 18 redevelopment commission are free and clear of all governmental liens,
 19 assessments, and other governmental charges except for current
 20 property taxes, which shall be prorated to the date of acquisition.

21 (e) Notwithstanding subsections (a) through (d), the redevelopment
 22 commission may, before the time referred to in this section, accept gifts
 23 of property needed for the redevelopment of redevelopment project
 24 areas if the property is free and clear of all governmental liens other
 25 than taxes, assessments, and other governmental charges. The
 26 commission may, before the time referred to in this section, take
 27 options on or contract for the acquisition of property needed for the
 28 redevelopment of redevelopment project areas if the options and
 29 contracts are not binding on the commission or the district until the
 30 time referred to in this section and until money is available to pay the
 31 consideration set out in the options or contracts.

32 SECTION 6. IC 36-7-14-19.5, AS ADDED BY P.L.52-2017,
 33 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2018]: Sec. 19.5. (a) Notwithstanding section 19 of this
 35 chapter, a redevelopment commission may purchase property in
 36 accordance with this section that the redevelopment commission
 37 determines is:

- 38 (1) blighted;
- 39 (2) unsafe;
- 40 (3) abandoned;
- 41 (4) foreclosed; or
- 42 (5) structurally damaged;



- 1 from a willing seller.
- 2 (b) A redevelopment commission may purchase property described
3 in subsection (a) as follows:
- 4 (1) The redevelopment commission may purchase the property if:
5 (A) the sale price of the property is not more than twenty-five
6 thousand dollars (\$25,000) or the property is for sale by
7 another governmental agency; and
8 (B) the redevelopment commission:
9 (i) has a sufficient fund balance available; or
10 (ii) issues an obligation from public funds;
11 for the purchase of the property.
- 12 (2) If the sale price of the property is greater than twenty-five
13 thousand dollars (\$25,000), a redevelopment commission shall
14 obtain two (2) independent appraisals of fair market value of the
15 property. Any agreement by the redevelopment commission to:
16 (A) make a purchase under this subdivision that exceeds the
17 greater of the two (2) appraisals;
18 (B) make payments for the property to be purchased for a term
19 exceeding three (3) years; or
20 (C) pay a purchase price for the property that exceeds five
21 million dollars (\$5,000,000);
22 is subject to prior approval of the legislative body of the unit.
- 23 (c) Negotiations for the purchase of property may be carried on
24 directly by the redevelopment commission, by its employees, or by
25 expert negotiations, but no option, contract, or understanding relative
26 to the purchase of real property is binding on the commission until
27 approved and accepted by the commission in writing. The commission
28 may authorize the payment of a nominal fee to bind an option and as a
29 part of the consideration for conveyance may agree to pay the expense
30 incident to the conveyance and determination of the title to the
31 property. Payment for the property purchase shall be made when and
32 as directed by the commission but only on delivery of proper
33 instruments conveying the title or interest of the owner to the "City (or
34 Town or County) of _____, for the use and benefit of its
35 department of redevelopment". **Department of Redevelopment".**
- 36 (d) All real property and interests in real property acquired by the
37 redevelopment commission are free and clear of all governmental liens,
38 assessments, and other governmental charges except for current
39 property taxes, which must be prorated to the date of acquisition.
- 40 SECTION 7. [EFFECTIVE JULY 1, 2018] (a) **As used in this**
41 **SECTION, "commissioner" means a commissioner of a municipal**
42 **or county redevelopment commission appointed under IC 36-7-14.**



1 **(b) Notwithstanding IC 36-7-14-7(e), a commissioner who does**
2 **not satisfy the residency requirement under IC 36-7-14-7(d)(2), as**
3 **added by this act, does not forfeit the commissioner's office and**
4 **may serve until the earlier of:**
5 **(1) the date the commissioner's successor is appointed and has**
6 **qualified to serve for the remainder of the vacated term; or**
7 **(2) October 1, 2018.**
8 **(c) This SECTION expires July 1, 2019.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1256, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1256 as introduced.)

MAHAN

Committee Vote: Yeas 10, Nays 0

COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred House Bill No. 1256, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 36-1-14-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: **Sec. 5. (a) This section applies to the sale of a county hospital before July 1, 2018.**

(b) As used in this section, "board" means the board of trustees of a foundation established under subsection (e).

(c) As used in this section, "foundation" means a charitable nonprofit foundation established under subsection (d).

(d) A county council and a county executive may, by adopting substantially similar ordinances, establish a charitable nonprofit foundation to hold some or all of the proceeds of the sale of a county hospital in trust for the benefit of the county. The county council and the county executive may adopt ordinances under this subsection before, after, or at the time of the sale of the county hospital.

(e) If a foundation is established under this section, the board of trustees of the foundation consists of the following five (5) members:

- (1) One (1) member of the county council, appointed by the president of the county council.**
- (2) One (1) member of the county executive, appointed by the president of the county executive.**
- (3) One (1) individual who has at least five (5) years of**

EH 1256—LS 7121/DI 129



experience as a certified public accountant, a financial adviser, a banker, or an investment manager, appointed by the president of the county council.

(4) One (1) individual who has at least five (5) years of experience as a certified public accountant, a financial adviser, a banker, or an investment manager, appointed by the president of the county executive.

(5) The county treasurer.

A member who serves on the board under this subsection is not entitled to compensation for service as a board member. Subject to the approval of the policy by the county council and the county executive, the board may establish a policy to reimburse a member of the board for the member's travel expenses and other expenses actually incurred in connection with the member's duties.

(f) The county treasurer shall serve as the chairperson of the board.

(g) The board of a foundation established under this section shall contract with a financial institution eligible to receive public funds of a political subdivision under IC 5-13-8-1 to assist the board in its investment program.

(h) The county council and the county executive shall do the following:

(1) Formulate an investment policy that ensures that money held by the foundation is invested in accordance with IC 30-2-12.

(2) Establish a policy concerning distributions of income and principal from the foundation.

A policy concerning distributions of income and principal that is established under subdivision (2) must specify that, except as provided in subsection (i)(5), the board may not expend or transfer money from the principal amount of the donation to the foundation.

(i) The following apply if a foundation is established under this section:

(1) The county council and the county executive shall determine the amount of the proceeds from the sale of the county hospital that shall be transferred by the county fiscal officer to the foundation.

(2) The principal amount of the donation to the foundation consists of the following:

(A) The amount transferred to the foundation under subdivision (1).



(B) Any donations, gifts, or other money received from any private source.

(3) The county council and county executive shall establish a policy to set the annual rate of spending from the foundation. The rate of spending established by the county council and county executive may not exceed five percent (5%) of the principal amount of the donation calculated on January 1 of each year. The county council and county executive may change the annual rate of spending by a majority vote of the members of the county council and a majority vote of the members of the county executive. Any principal that is disbursed from the foundation to the county is not subject to the procedures to access the principal amount of the donation described in subdivision (5).

(4) The county council and county executive may not access the principal amount of the donation in the first five (5) years from the date the foundation is established under this section. Beginning after the fifth year from the date the foundation is established under this section, the county council and county executive may access the principal amount of the donation in accordance with subdivision (5).

(5) This subdivision does not apply to an expenditure or transfer of money that is part of the principal amount of the donation that is used to meet the annual rate of spending and does not exceed the annual rate of spending established under subdivision (3). The county council and county executive may approve an expenditure or transfer of any money that is part of the principal amount of the donation in accordance with the following:

(A) The county council and county executive may access the lesser of ten percent (10%) of the three (3) year average balance or two million dollars (\$2,000,000) from the principal amount of the donation as follows:

(i) A vote of five (5) of the seven (7) members of the county council and a majority vote of the county executive at a joint meeting of the county council and the county executive must vote in favor of accessing the principal amount of the donation.

(ii) A vote under item (i) to access the principal amount of the donation may occur not more than one (1) time per year.

(iii) The three (3) year average balance is based on the



opening balance of the principal amount of the donation on the first day of the month of each of the thirty-six (36) months immediately preceding the joint meeting of the county council and the county executive described in item (i).

(B) If the county council and county executive wish to access an amount from the principal amount of the donation that is more than the amount available under clause (A) but not more than fifty percent (50%) of the principal amount of the donation, the board shall proceed as follows:

(i) Five (5) of the seven (7) members of the county council and a majority vote of the county executive at a joint meeting of the county council and the county executive must vote in favor of accessing the principal amount of the donation. The votes of the county council and the county executive at the joint meeting must occur on two (2) occasions as provided in item (ii).

(ii) The votes described in item (i) must occur on two (2) occasions that are at least one (1) year apart but not more than two (2) years apart.

(iii) The votes described in item (i) must be based on identical language in an ordinance that sets forth the approved use of the funds accessed from the principal amount of the donation.

If the language in an ordinance under this clause is different from the language used in the first vote, the process to vote on accessing the principal amount of the donation must start over. The process to access the principal amount of the donation described in this clause may be used only once in any five (5) year period after the expiration of the five (5) year period in which the principal amount may not be accessed under subdivision (4).

(C) To compute the five (5) year period described in clause (B), the period begins from the date on which the second vote to access the principal amount of the donation occurs.

(6) The foundation must be audited annually by an independent third party auditor.

(7) The board must meet at least quarterly to receive a quarterly compliance and performance update from the investment advisor.

(j) A unit located in a county to which this section applies may



enter into an interlocal agreement under IC 36-1-7 with the county council, the county executive, and the board to invest funds obtained by the unit from the sale of a capital asset into the foundation established under this section. An interlocal agreement entered into under this subsection must contain the following:

(1) Funds transferred to the foundation from the sale of a capital asset under this subsection must be held in a separate account within the foundation and are not subject to the requirements of accessing principal and income established in this section.

(2) A policy concerning distributions of income and principal from the unit's account within the foundation.

The department of local government finance may not reduce the actual or maximum permissible property tax levy under IC 6-1.1-18.5 or any other law of a unit that enters into an interlocal agreement under this subsection on account of money transferred into or expended from a foundation established under this section.

(k) Subject to subsection (i)(4), money from the principal amount of the donation may be used for any legal or corporate purpose of the county, including the pledge of money to pay bonds, leases, or other obligations under IC 5-1-14-4. Money from the principal amount of the donation that is expended or transferred under subsection (i)(5) may be used to pay bonds issued by the county. The county council and the county executive may vote once under subsection (i)(5) to expend or transfer money from the principal amount of the donation to pay interest on bonds issued by the county.

(l) The department of local government finance may not reduce the county's actual or maximum permissible property tax levy under IC 6-1.1-18.5 or any other law on account of money deposited into or expended from a foundation established under this section.

SECTION 2. IC 36-7-14-3.7, AS ADDED BY P.L.255-2013, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3.7. (a) As used in this section, "development area" means a redevelopment project area, economic development area, or urban renewal project area established under this chapter.

(b) The jurisdiction and control over a development area established by the redevelopment commission of a first municipality may be transferred from that redevelopment commission to the redevelopment commission of a second, adjacent municipality if:

EH 1256—LS 7121/DI 129



- (1) the owners of one hundred percent (100%) of the real property in the development area consent to the transfer;
 - (2) the fiscal body of the first municipality and the fiscal body of the second, adjacent municipality:
 - (A) adopt or have adopted:
 - (i) substantially similar ordinances; or
 - (ii) an interlocal agreement;

consenting to the transfer of the jurisdiction and control over the development area; and
 - (B) agree or have agreed to transfer the geographic territory comprising the development area from the first municipality to the second, adjacent municipality through disannexation, interlocal agreement, or any other legal means;
 - (3) no tax increment from an allocation area within the development area has been pledged for the payment of bonds or the payment of lease rentals; and
 - (4) either the first municipality or the second, adjacent municipality has before the date of the transfer completed a reorganization under IC 36-1.5.
- (c) If the requirements of subsection (b) are satisfied:
- (1) the jurisdiction and control over the development area is transferred without any other action required from the fiscal bodies, the redevelopment commissions, or the plan commissions of the municipalities or from any other state or local entity;
 - (2) the development area is thereafter part of the territory that is under the jurisdiction and control of the redevelopment commission of the second, adjacent municipality;
 - (3) the development area or the redevelopment plan may be altered or amended by the second, adjacent municipality and the redevelopment commission of the second, adjacent municipality as otherwise provided in this chapter; and
 - (4) any property taxes collected within the development area that were payable to the first municipality, to any taxing district of the first municipality, or to the redevelopment commission of the first municipality shall after the transfer be payable to the second, adjacent municipality, to the taxing districts of the second, adjacent municipality, or to the redevelopment commission of the second, adjacent municipality, as appropriate.
- (d) If, before January 1, 2013, the redevelopment commission of the first municipality has entered into an agreement to reimburse a person or political subdivision for infrastructure improvements from tax increments from an allocation area within the development area, the



obligation to make the reimbursement is transferred to the redevelopment commission of the second, adjacent municipality upon the effective date of the transfer of the jurisdiction and control over the development area.

(e) The authority to transfer the jurisdiction and control over a development area as provided in this section expires December 31, 2013.

(f) A redevelopment commissioner who resides within the development area satisfies the residency requirement under section 7(d)(2) of this chapter for serving on the redevelopment commission of the second, adjacent municipality to which jurisdiction and control of the development area has been transferred.

SECTION 3. IC 36-7-14-7, AS AMENDED BY P.L.127-2017, SECTION 203, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 7. (a) Each redevelopment commissioner shall serve for one (1) year from the first day of January after the commissioner's appointment and until the commissioner's successor is appointed and has qualified, except that the original commissioners shall serve from the date of their appointment until the first day of January in the second year after their appointment. If a vacancy occurs, a successor shall be appointed in the same manner as the original commissioner, and the successor shall serve for the remainder of the vacated term.

(b) Each redevelopment commissioner, before beginning the commissioner's duties, shall take and subscribe an oath of office in the usual form, to be endorsed on the certificate of the commissioner's appointment, which shall be promptly filed with the clerk for the unit that the commissioner serves.

(c) Each redevelopment commissioner, before beginning the commissioner's duties, shall execute a bond payable to the state, with surety to be approved by the executive of the unit. The bond must be in the penal sum of fifteen thousand dollars (\$15,000) and must be conditioned on the faithful performance of the duties of the commissioner's office and the accounting for all monies and property that may come into the commissioner's hands or under the commissioner's control. The cost of the bond shall be paid by the special taxing district.

(d) A redevelopment commissioner must:

- (1) be at least eighteen (18) years of age; and ~~must be a resident of the unit that the commissioner serves.~~**
- (2) reside within the geographic area that is subject to the**



jurisdiction and control of the redevelopment commission.

(e) If a commissioner ceases to be qualified under this section, the commissioner forfeits the commissioner's office.

(f) Except as provided in subsection (g), redevelopment commissioners are not entitled to salaries but are entitled to reimbursement for expenses necessarily incurred in the performance of their duties.

(g) A redevelopment commissioner who does not otherwise hold a lucrative office for the purpose of Article 2, Section 9 of the Indiana Constitution may receive:

- (1) a salary; or
- (2) a per diem;

and is entitled to reimbursement for expenses necessarily incurred in the performance of the redevelopment commissioner's duties.

SECTION 4. IC 36-7-14-15.5, AS AMENDED BY P.L.119-2012, SECTION 206, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 15.5. (a) This section applies to a county having a population of more than two hundred fifty thousand (250,000) but less than two hundred seventy thousand (270,000).

(b) In adopting a declaratory resolution under section 15 of this chapter, a redevelopment commission may include a provision stating that the redevelopment project area is considered to include one (1) or more additional areas outside the boundaries of the redevelopment project area if the redevelopment commission makes the following findings and the requirements of subsection (c) are met:

- (1) One (1) or more taxpayers presently located within the boundaries of the redevelopment project area are expected within one (1) year to relocate all or part of their operations outside the boundaries of the redevelopment project area and have expressed an interest in relocating all or part of their operations within the boundaries of an additional area.
- (2) The relocation described in subdivision (1) will contribute to the continuation of the conditions described in IC 36-7-1-3 in the redevelopment project area.
- (3) For purposes of this section, it will be of public utility and benefit to include the additional areas as part of the redevelopment project area.

(c) Each additional area must be designated by the redevelopment commission as a redevelopment project area or an economic development area under this chapter. **A redevelopment commissioner who resides within the designated redevelopment project area or economic development area:**

EH 1256—LS 7121/DI 129



(1) satisfies the residency requirement under section 7(d)(2) of this chapter; and

(2) may serve on the commission that designates the redevelopment project area or economic development area.

(d) Notwithstanding section 3 of this chapter, the additional areas shall be considered to be a part of the redevelopment special taxing district under the jurisdiction of the redevelopment commission. Any excess property taxes that the commission has determined may be paid to taxing units under section 39(b)(4) of this chapter shall be paid to the taxing units from which the excess property taxes were derived. All powers of the redevelopment commission authorized under this chapter may be exercised by the redevelopment commission in additional areas under its jurisdiction.

(e) The declaratory resolution must include a statement of the general boundaries of each additional area. However, it is sufficient to describe those boundaries by location in relation to public ways, streams, or otherwise, as determined by the commissioners.

(f) The declaratory resolution may include a provision with respect to the allocation and distribution of property taxes with respect to one (1) or more of the additional areas in the manner provided in section 39 of this chapter. If the redevelopment commission includes such a provision in the resolution, allocation areas in the redevelopment project area and in the additional areas considered to be part of the redevelopment project area shall be considered a single allocation area for purposes of this chapter.

(g) The additional areas must be located within the same county as the redevelopment project area **or economic development area** but are not otherwise required to be within the jurisdiction of the redevelopment commission, if the redevelopment commission obtains the consent by ordinance of:

(1) the county legislative body, for each additional area located within the unincorporated part of the county; or

(2) the legislative body of the city or town affected, for each additional area located within a city or town.

In granting its consent, the legislative body shall approve the plan of development or redevelopment relating to the additional area.

(h) A declaratory resolution previously adopted may be amended to include a provision to include additional areas as set forth in this section and an allocation provision under section 39 of this chapter with respect to one (1) or more of the additional areas in accordance with sections 15, 16, and 17 of this chapter.

(i) The redevelopment commission may amend the allocation



provision of a declaratory resolution in accordance with sections 15, 16, and 17 of this chapter to change the assessment date that determines the base assessed value of property in the allocation area to any assessment date following the effective date of the allocation provision of the declaratory resolution. Such a change may relate to the assessment date that determines the base assessed value of that portion of the allocation area that is located in the redevelopment project area alone, that portion of the allocation area that is located in an additional area alone, or the entire allocation area."

Page 4, after line 7, begin a new paragraph and insert:

"SECTION 7. [EFFECTIVE JULY 1, 2018] **(a) As used in this SECTION, "commissioner" means a commissioner of a municipal or county redevelopment commission appointed under IC 36-7-14.**

(b) Notwithstanding IC 36-7-14-7(e), a commissioner who does not satisfy the residency requirement under IC 36-7-14-7(d)(2), as added by this act, does not forfeit the commissioner's office and may serve until the earlier of:

(1) the date the commissioner's successor is appointed and has qualified to serve for the remainder of the vacated term; or

(2) October 1, 2018.

(c) This SECTION expires July 1, 2019."

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1256 as printed January 30, 2018.)

BUCK, Chairperson

Committee Vote: Yeas 8, Nays 0.

