

HOUSE BILL No. 1367

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-38.

Synopsis: Land banks. Makes various changes to the statutes governing land banks that concern certain land bank powers, objectives, and duties. Provides (except in a county containing a consolidated city) that only a majority of directors appointed to the board of a land bank must be residents of the county, second class city, or third class city. Provides, in the case of a land bank created by an interlocal agreement, that only a majority of the members of the board of the land bank must be residents of the applicable eligible units that establish the land bank. Provides that a land bank may establish advisory committees composed of specified community members to consult with and advise the land bank on: (1) properties within the territory of the land bank that are imposing the greatest harm on residents and neighborhoods; (2) resident and neighborhood priorities for new uses of land bank properties; and (3) options for potential transferees of land bank properties. Provides, subject to certain limitations, that a land bank may use an interlocal agreement to establish processes to improve the quality of title and marketability of property the land bank owns to extinguish any liens that exist on the property. Provides that, if a land bank enters into an interlocal agreement, any employees of an eligible unit who may be contracted to provide staffing services to the land bank pursuant to the interlocal agreement retain their status as public employees of the eligible unit. Requires a county executive to provide a land bank in the county with a list of tracts located in the territory of the land bank that: (1) are delinquent on property taxes; and (2) have been offered for public sale at least two times and remain unsold; on an annual basis. Requires the
(Continued next page)

Effective: July 1, 2022.

Errington, Clere, Bauer M, O'Brien

January 11, 2022, read first time and referred to Committee on Local Government.



Digest Continued

county executive to transfer its interest in a tract on the list to a land bank if requested by the land bank not later than 90 days after it receives the list.



Introduced

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

HOUSE BILL No. 1367

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 36-7-38-1, AS AMENDED BY P.L.26-2020,
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2022]: Sec. 1. The following definitions apply throughout this
4 chapter:
5 (1) "Distressed real property" includes real property in a neglected
6 or unmarketable condition.
7 (2) "Eligible unit" means:
8 (A) a county;
9 (B) a consolidated city;
10 (C) a second class city; or
11 (D) a third class city;
12 to which IC 36-7-9 applies.
13 (3) "Land bank" means an entity established under section 2 of
14 this chapter.
15 (4) "Person" means an individual, a corporation, a limited liability



1 company, a partnership, or other legal entity.

2 **(5) "Vacant real property" has the meaning set forth in**
 3 **IC 36-7-36-5.**

4 SECTION 2. IC 36-7-38-2, AS AMENDED BY P.L.26-2020,
 5 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2022]: Sec. 2. (a) The legislative body of an eligible unit may
 7 adopt an ordinance:

8 (1) establishing a body corporate and politic; or

9 (2) directing the executive of the eligible unit to organize a
 10 nonprofit corporation under IC 23-17;

11 as an independent instrumentality exercising essential governmental
 12 functions.

13 (b) The legislative bodies of two (2) or more eligible units within a
 14 single county or within two (2) or more contiguous counties may enter
 15 into an interlocal agreement under IC 36-1-7:

16 (1) establishing a body corporate and politic; or

17 (2) directing the executive of one (1) of the eligible units entering
 18 into the interlocal agreement to organize a nonprofit corporation
 19 under IC 23-17;

20 as an independent instrumentality exercising essential governmental
 21 functions.

22 (c) The primary purpose of a land bank established under subsection
 23 (a) or (b) is to manage and improve the marketability of **vacant real**
 24 **property and** distressed real property located in the territory of the
 25 land bank.

26 (d) An ordinance or interlocal agreement establishing a land bank
 27 must specify:

28 (1) The name of the land bank.

29 (2) The number of board members, subject to section 4 of this
 30 chapter.

31 (e) The territory of a land bank established under subsection (a) is:

32 (1) in the case of an eligible unit that is a municipality, the
 33 territory of the municipality; or

34 (2) in the case of an eligible unit that is a county, all the territory
 35 of the county, except for the territory of any municipality in the
 36 county that has established another land bank.

37 (f) The territory of a land bank established under subsection (b) is
 38 the territory of all the eligible units that have established the land bank,
 39 except for the territory of any municipality that has established another
 40 land bank under subsection (a) or (b).

41 SECTION 3. IC 36-7-38-4.5, AS ADDED BY P.L.26-2020,
 42 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2022]: Sec. 4.5. (a) This section applies to the board of a land
2 bank established under section 2(b) of this chapter.

3 (b) The interlocal agreement providing for the establishment of the
4 land bank must specify:

5 (1) subject to section 4(a) of this chapter, the number of directors
6 of the board of the land bank;

7 (2) any directors that are to serve as ex officio directors of the
8 board; and

9 (3) for each director of the board that is to be appointed, the
10 appointing authority.

11 **(c) The interlocal agreement must also specify that a majority**
12 **of directors appointed to the board of the land bank must be**
13 **residents of the applicable eligible units that establish the land**
14 **bank under section 2(b) of this chapter.**

15 SECTION 4. IC 36-7-38-5, AS ADDED BY P.L.211-2016,
16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2022]: Sec. 5. (a) This section applies to the board of a county
18 land bank established by a county that does not have a consolidated
19 city.

20 (b) The board of a land bank to which this section applies is
21 comprised of the following:

22 (1) A director appointed by the county treasurer. ~~A director~~
23 ~~appointed under this subdivision must be a resident of the county.~~

24 (2) A director appointed by the county auditor. ~~A director~~
25 ~~appointed under this subdivision must be a resident of the county.~~

26 (3) Five (5) directors respectively appointed by the executives of
27 the five (5) municipalities in the county with the five (5) largest
28 populations, as determined by the most recent federal decennial
29 census. ~~A director appointed under this subdivision must reside~~
30 ~~in the municipality of the appointing authority that appoints the~~
31 ~~director.~~

32 (4) At most two (2) additional directors appointed, as applicable,
33 in the manner and subject to the requirements set forth in the land
34 bank's bylaws.

35 **(c) A majority of the directors appointed under subsection (b)**
36 **to the board of a land bank must be residents of the county or the**
37 **municipality.**

38 ~~(e)~~ **(d)** The terms of the initial directors of a land bank to which this
39 section applies are equal to:

40 (1) the remainder of the calendar year in which the land bank is
41 established; plus

42 (2) a number of additional years equal to:



- 1 (A) one (1) calendar year, for:
 2 (i) the director appointed under subsection (b)(1);
 3 (ii) the director appointed under subsection (b)(2); and
 4 (iii) the director appointed under subsection (b)(3) by the
 5 executive of the municipality in the county that has the
 6 largest population;
 7 (B) two (2) calendar years, for directors appointed under
 8 subsection (b)(3) by the executives of the municipalities that
 9 have the second through the fourth largest populations in the
 10 county; and
 11 (C) three (3) calendar years, for:
 12 (i) the director appointed under subsection (b)(3) by the
 13 executive of the municipality that has the fifth largest
 14 population in the county; and
 15 (ii) any directors appointed under subsection (b)(4).
 16 SECTION 5. IC 36-7-38-7, AS ADDED BY P.L.211-2016,
 17 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2022]: Sec. 7. (a) This section applies to the board of a land
 19 bank established by a second class city.
 20 (b) The board of a land bank to which this section applies is
 21 comprised of the following:
 22 (1) Three (3) directors appointed by the executive of the second
 23 class city. ~~A director appointed under this subdivision must be a~~
 24 ~~resident of the second class city.~~
 25 (2) Three (3) directors appointed by the legislative body of the
 26 second class city. ~~A director appointed under this subdivision~~
 27 ~~must be a resident of the second class city.~~
 28 (3) A director appointed by the county treasurer of the county in
 29 which the second class city is located, or the county treasurer of
 30 the county in which most residents of the second class city reside,
 31 if the second class city is located in more than one (1) county. ~~A~~
 32 ~~director appointed under this subdivision must be a resident of the~~
 33 ~~second class city.~~
 34 (4) At most two (2) additional directors appointed, as applicable,
 35 in the manner and subject to the requirements set forth in the land
 36 bank's bylaws.
 37 **(c) A majority of the directors appointed under subsection (b)**
 38 **to the board of a land bank must be residents of the second class**
 39 **city.**
 40 ~~(e)~~ **(d)** The terms of the initial directors of a land bank to which this
 41 section applies are equal to:
 42 (1) the remainder of the calendar year in which the land bank is



1 established; plus

2 (2) a number of additional years equal to:

3 (A) one (1) calendar year, for directors appointed under
4 subsection (b)(1);

5 (B) two (2) calendar years, for directors appointed under
6 subsection (b)(2); and

7 (C) three (3) calendar years, for directors appointed under
8 subsection (b)(3) or (b)(4).

9 SECTION 6. IC 36-7-38-7.5, AS ADDED BY P.L.110-2017,
10 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2022]: Sec. 7.5. (a) This section applies to the board of a land
12 bank established by a third class city.

13 (b) The board of a land bank to which this section applies is
14 comprised of the following:

15 (1) Three (3) directors appointed by the executive of the third
16 class city. ~~A director appointed under this subdivision must be a
17 resident of the third class city.~~

18 (2) Three (3) directors appointed by the legislative body of the
19 third class city. ~~A director appointed under this subdivision must
20 be a resident of the third class city.~~

21 (3) A director appointed by the county treasurer of the county in
22 which the third class city is located, or the county treasurer of the
23 county in which most residents of the third class city reside, if the
24 third class city is located in more than one (1) county. ~~A director
25 appointed under this subdivision must be a resident of the third
26 class city.~~

27 (4) At most two (2) additional directors appointed, as applicable,
28 in the manner and subject to the requirements set forth in the land
29 bank's bylaws.

30 **(c) A majority of the directors appointed under subsection (b)**
31 **to the board of a land bank must be residents of the third class city.**

32 ~~(c)~~ **(d)** The terms of the initial directors of a land bank to which this
33 section applies are equal to:

34 (1) the remainder of the calendar year in which the land bank is
35 established; plus

36 (2) a number of additional years equal to:

37 (A) one (1) calendar year, for directors appointed under
38 subsection (b)(1);

39 (B) two (2) calendar years, for directors appointed under
40 subsection (b)(2); and

41 (C) three (3) calendar years, for directors appointed under
42 subsection (b)(3) or (b)(4).



1 SECTION 7. IC 36-7-38-7.7 IS ADDED TO THE INDIANA CODE
 2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 3 1, 2022]: **Sec. 7.7. (a) A land bank may establish one (1) or more**
 4 **advisory committees to consult with and advise the land bank on:**

- 5 (1) **properties within the territory of the land bank that are**
 6 **imposing the greatest harm on residents and neighborhoods;**
 7 (2) **resident and neighborhood priorities for new uses of land**
 8 **bank properties; and**
 9 (3) **options for potential transferees of land bank properties.**

10 (b) **As appropriate to the location of the real property of the**
 11 **land bank and if a land bank elects to establish an advisory**
 12 **committee under this section, the membership of the advisory**
 13 **community shall include but is not limited to individuals from**
 14 **formal and informal neighborhood specific community**
 15 **associations, residents' associations, faith communities, community**
 16 **development corporations, and anchor institutions.**

17 SECTION 8. IC 36-7-38-8, AS ADDED BY P.L.211-2016,
 18 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2022]: **Sec. 8. Except as otherwise provided in this chapter,**
 20 **a land bank is granted all powers necessary, convenient, or appropriate**
 21 **to carry out and effectuate the land bank's public and corporate**
 22 **purposes, which include the power to do the following:**

- 23 (1) **Sue or be sued in the land bank's own name.**
 24 (2) **Enter into contracts.**
 25 (3) **Establish accounts with financial institutions.**
 26 (4) **Acquire by:**
 27 (A) **purchase;**
 28 (B) **exchange;**
 29 (C) **gift;**
 30 (D) **donation;**
 31 (E) **grant;**
 32 (F) **lease; or**
 33 (G) **any combination of the methods listed in clauses (A)**
 34 **through (F);**

35 **any real or personal property or interest in property needed**
 36 **to carry out the mission of the land bank.**

- 37 (4) (5) **Acquire, lease, improve, repair, renovate, and dispose of**
 38 **property.**
 39 (5) (6) **Borrow money, including the ability to issue bonds.**
 40 (6) (7) **Pledge collateral.**
 41 (7) (8) **Make investments.**
 42 (8) (9) **Hire employees and other appropriate staff, including an**



1 executive director. **In accordance with section 18 of this**
 2 **chapter, a land bank may determine the qualifications and fix**
 3 **the compensation and benefits provided for employees, other**
 4 **staff, and the executive director.**

5 ~~(9)~~ **(10)** Procure insurance.

6 SECTION 9. IC 36-7-38-9, AS ADDED BY P.L.211-2016,
 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2022]: Sec. 9. (a) A land bank shall endeavor to acquire a
 9 diverse portfolio of properties to enable the land bank to dispose of
 10 diverse properties in diverse real estate markets in the county or
 11 municipal territory that the land bank serves and, thereby, ~~generate~~
 12 ~~revenue for the land bank in a sustainable manner:~~ **put the properties**
 13 **back to productive use, improve property conditions, contribute to**
 14 **local and regional neighborhood stabilization efforts, expand**
 15 **opportunities for development, and have a positive impact on the**
 16 **local tax base.** A land bank shall acquire property for the purpose of
 17 supporting the mission of the land bank.

18 (b) A land bank's priorities concerning the disposition of properties
 19 from the land bank must support the mission of the land bank, which
 20 includes the sale or transfer of properties:

- 21 (1) for redevelopment that will act as a catalyst for further
 22 development;
- 23 (2) that support a comprehensive development plan or strategic
 24 plan for neighborhood revitalization;
- 25 (3) that reduce ~~blight~~ **the number of blighted properties** in the
 26 community;
- 27 (4) that revitalize or stabilize neighborhoods;
- 28 (5) that will be returned to productive, tax paying status;
- 29 (6) that will be returned to productive uses, including
 30 development of side lots, green spaces, and gardens;
- 31 (7) that are available for immediate ownership or occupancy
 32 without a need for substantial rehabilitation;
- 33 (8) that will be used for affordable housing; or
- 34 (9) that will generate operating support for the functions of a land
 35 bank.

36 SECTION 10. IC 36-7-38-10, AS ADDED BY P.L.211-2016,
 37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2022]: Sec. 10. (a) A land bank shall do the following:

- 39 (1) Maintain an inventory of real property held by the land bank.
- 40 (2) Develop policies, guidelines, and procedures for the
 41 acquisition, redevelopment, and disposition of property by and
 42 from the land bank. The policies, guidelines, and procedures



1 developed under this subdivision must be formulated in plain
2 language with the objective of being clearly understood.

3 (3) Make the information described in subdivisions (1) and (2)
4 available for inspection:

5 (A) at the offices of the land bank during regular business
6 hours; and

7 (B) on the land bank's Internet web site.

8 (4) Coordinate the land bank's activities with any land use plans
9 that affect real property held by the land bank.

10 (b) If real property held by a county land bank is located in the
11 territory of a municipality of the county, the county land bank shall
12 offer to convey the real property to the municipality before the county
13 land bank offers, or accepts an offer, to convey the real property to any
14 other individual or entity. An offer to convey real property made by a
15 county land bank to a municipality under this ~~section~~ **subsection**
16 expires sixty (60) days after the county land bank makes the offer,
17 unless the county land bank and the municipality agree to another
18 period.

19 **(c) This subsection applies to a land bank created pursuant to an**
20 **interlocal agreement under section 2(b) of this chapter that is**
21 **composed of two (2) or more contiguous counties. If real property**
22 **held by a land bank composed of two (2) or more contiguous**
23 **counties is located in the territory of a municipality of a county**
24 **that is a party to the interlocal agreement, the land bank shall offer**
25 **to convey the real property to the municipality before the land**
26 **bank offers, or accepts an offer, to convey the real property to any**
27 **other individual or entity. An offer to convey real property made**
28 **by a land bank composed of two (2) or more counties to a**
29 **municipality under this subsection expires sixty (60) days after the**
30 **land bank makes the offer, unless the land bank and the**
31 **municipality agree to another period.**

32 SECTION 11. IC 36-7-38-11, AS ADDED BY P.L.211-2016,
33 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2022]: Sec. 11. (a) A land bank may:

35 (1) enter into an interlocal agreement under IC 36-1-7 with
36 another governmental entity, **including, subject to subsection**
37 **(b), the establishment of processes to improve the quality of**
38 **title and marketability of property the land bank owns to**
39 **extinguish any liens that exist on the property; or**

40 (2) otherwise contract with another governmental entity in Indiana
41 to perform services for the governmental entity.

42 **(b) The following are exempt from the scope of an interlocal**



1 agreement described in subsection (a)(1) to extinguish liens that
2 exist on a property the land bank owns:

3 (1) A lien granted priority under federal law.

4 (2) A lien of the state.

5 (3) Any valid easements, covenants, declarations, or deed
6 restrictions that encumber the property as shown in the
7 public record.

8 SECTION 12. IC 36-7-38-18, AS ADDED BY P.L.211-2016,
9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2022]: Sec. 18. (a) Employees of a land bank are not
11 employees of the eligible unit that established the land bank.

12 (b) If a land bank enters into an interlocal agreement under
13 IC 36-1-7 as provided in section 11 of this chapter, any employees
14 of an eligible unit who may be contracted to provide staffing
15 services to the land bank pursuant to the interlocal agreement
16 retain their status as public employees of the eligible unit. Nothing
17 in this subsection shall be construed to alter or otherwise affect the
18 public employee's status as an employee of the eligible unit.

19 (c) The board of a land bank may elect by resolution to provide
20 programs of group health insurance for the land bank's employees and
21 retired employees as provided under IC 5-10-8-2.6.

22 (d) The board of a land bank may elect by resolution to provide
23 retirement and disability benefits for employees, which may be by
24 means of participation in the public employees' retirement fund as
25 provided under IC 5-10.3-6.

26 SECTION 13. IC 36-7-38-24 IS ADDED TO THE INDIANA
27 CODE AS A NEW SECTION TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2022]: Sec. 24. The county executive (as
29 defined in IC 6-1.1-23.9-1) must provide a land bank in the county
30 with a list of tracts in the territory of the land bank that:

31 (1) are delinquent on property taxes (as defined in
32 IC 6-1.1-37-10); and

33 (2) have been offered for sale by the county at two (2) or more
34 public sales held under IC 6-1.1-24 and remain unsold;

35 on an annual basis. If a land bank requests a tract on the list not
36 later than ninety (90) days from the date it receives the list, the
37 county executive shall assign the tax sale certificate for the tract or
38 convey the tract, as applicable, to the land bank at no cost to the
39 land bank.

