

HOUSE BILL No. 1395

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-14.

Synopsis: Redevelopment. Provides that a redevelopment commission may issue bonds or enter into leases with a term of up to 75 years to finance a project that includes, as part of the project, the use and repurposing of two or more buildings and structures that are: (1) at least 75 years old; and (2) located at a site at which manufacturing previously occurred over a period of at least 100 years. Specifies that in the case of an allocation area that is established after June 30, 2018, for such a project, the expiration date of the allocation provision may not be more than 75 years after the date on which the allocation provision is established. Makes technical corrections.

Effective: July 1, 2018.

GiaQuinta

January 16, 2018, read first time and referred to Committee on Ways and Means.



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.

HOUSE BILL No. 1395

A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

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

1 SECTION 1. IC 36-7-14-25.1, AS AMENDED BY P.L.149-2014,
2 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2018]: Sec. 25.1. (a) In addition to other methods of raising
4 money for property acquisition or redevelopment in a redevelopment
5 project area, and in anticipation of the special tax to be levied under
6 section 27 of this chapter, the taxes allocated under section 39 of this
7 chapter, or other revenues of the district, or any combination of these
8 sources, the redevelopment commission may, by bond resolution and
9 subject to subsections (c) and (p), issue the bonds of the special taxing
10 district in the name of the unit. The amount of the bonds may not
11 exceed the total, as estimated by the commission, of all expenses
12 reasonably incurred in connection with the acquisition and
13 redevelopment of the property, including:
14 (1) the total cost of all land, rights-of-way, and other property to
15 be acquired and redeveloped;
16 (2) all reasonable and necessary architectural, engineering, legal,
17 financing, accounting, advertising, bond discount, and



1 supervisory expenses related to the acquisition and redevelopment
2 of the property or the issuance of bonds;

3 (3) capitalized interest permitted by this chapter and a debt
4 service reserve for the bonds to the extent the redevelopment
5 commission determines that a reserve is reasonably required; and

6 (4) expenses that the redevelopment commission is required or
7 permitted to pay under IC 8-23-17.

8 (b) If the redevelopment commission plans to acquire different
9 parcels of land or let different contracts for redevelopment work at
10 approximately the same time, whether under one (1) or more
11 resolutions, the commission may provide for the total cost in one (1)
12 issue of bonds.

13 (c) The legislative body of the unit must adopt a resolution that
14 specifies the public purpose of the bond, the use of the bond proceeds,
15 the maximum principal amount of the bond, the term of the bond, and
16 the maximum interest rate or rates of the bond, any provision for
17 redemption before maturity, and any provision for the payment of
18 capitalized interest. The bonds must be dated as set forth in the bond
19 resolution and negotiable, subject to the requirements of the bond
20 resolution for registering the bonds. The resolution authorizing the
21 bonds must state:

22 (1) the denominations of the bonds;

23 (2) the place or places at which the bonds are payable; and

24 (3) the term of the bonds, which may not exceed:

25 (A) fifty (50) years, for bonds issued before July 1, 2008;

26 (B) thirty (30) years, for bonds issued after June 30, 2008, to
27 finance:

28 (i) an integrated coal gasification powerplant (as defined in
29 IC 6-3.1-29-6);

30 (ii) a part of an integrated coal gasification powerplant (as
31 defined in IC 6-3.1-29-6); or

32 (iii) property used in the operation or maintenance of an
33 integrated coal gasification powerplant (as defined in
34 IC 6-3.1-29-6);

35 that received a certificate of public convenience and necessity
36 from the Indiana utility regulatory commission under
37 IC 8-1-8.5 et seq. before July 1, 2008;

38 **(C) seventy-five (75) years, for bonds issued after June 30,**
39 **2018, to finance a project that is located in a**
40 **redevelopment project area, an economic development**
41 **area, or an urban renewal project area and that includes,**
42 **as part of the project, the use and repurposing of two (2) or**



more buildings and structures that are:

(i) at least seventy-five (75) years old; and

(ii) located at a site at which manufacturing previously occurred over a period of at least one hundred (100) years; or

~~(C)~~ **(D) twenty-five (25) years, for bonds issued after June 30, 2008, that are not described in clause (B) or (C).**

The bond resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the redevelopment commission.

(d) The redevelopment commission shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds, subject to subsections (c) and (p). The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds must be executed by the appropriate officer of the unit and attested by the municipal or county fiscal officer.

(f) The bonds are exempt from taxation for all purposes.

(g) The municipal or county fiscal officer shall give notice of the sale of the bonds by publication in accordance with IC 5-3-1. The municipal fiscal officer, or county fiscal officer or executive, shall sell the bonds to the highest bidder, but may not sell them for less than ninety-seven percent (97%) of their par value. However, bonds payable solely or in part from tax proceeds allocated under section 39(b)(3) of this chapter, or other revenues of the district may be sold at a private negotiated sale.

(h) Except as provided in subsection (i), a redevelopment commission may not issue the bonds when the total issue, including bonds already issued and to be issued, exceeds two percent (2%) of the adjusted value of the taxable property in the special taxing district, as determined under IC 36-1-15.

(i) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the redevelopment commission:

(1) from a special tax levied upon all of the property in the taxing district, as provided by section 27 of this chapter;

(2) from the tax proceeds allocated under section 39(b)(3) of this chapter;

(3) from other revenues available to the redevelopment commission; or

(4) from a combination of the methods stated in subdivisions (1) through (3).



1 If the bonds are payable solely from the tax proceeds allocated under
 2 section 39(b)(3) of this chapter, other revenues of the redevelopment
 3 commission, or any combination of these sources, they may be issued
 4 in any amount not to exceed the maximum amount approved by the
 5 legislative body in the resolution described in subsection (c).

6 (j) Proceeds from the sale of bonds may be used to pay the cost of
 7 interest on the bonds for a period not to exceed five (5) years from the
 8 date of issuance.

9 (k) All laws relating to the giving of notice of the issuance of bonds,
 10 the giving of notice of a hearing on the appropriation of the proceeds
 11 of the bonds, the right of taxpayers to appear and be heard on the
 12 proposed appropriation, and the approval of the appropriation by the
 13 department of local government finance apply to all bonds issued under
 14 this chapter that are payable from the special benefits tax levied
 15 pursuant to section 27 of this chapter or from taxes allocated under
 16 section 39 of this chapter.

17 (l) All laws relating to:

18 (1) the filing of petitions requesting the issuance of bonds; and

19 (2) the right of:

20 (A) taxpayers and voters to remonstrate against the issuance of
 21 bonds in the case of a proposed bond issue described by
 22 IC 6-1.1-20-3.1(a); or

23 (B) voters to vote on the issuance of bonds in the case of a
 24 proposed bond issue described by IC 6-1.1-20-3.5(a);

25 apply to bonds issued under this chapter except for bonds payable
 26 solely from tax proceeds allocated under section 39(b)(3) of this
 27 chapter, other revenues of the redevelopment commission, or any
 28 combination of these sources.

29 (m) If a debt service reserve is created from the proceeds of bonds,
 30 the debt service reserve may be used to pay principal and interest on
 31 the bonds as provided in the bond resolution.

32 (n) Any amount remaining in the debt service reserve after all of the
 33 bonds of the issue for which the debt service reserve was established
 34 have matured shall be:

35 (1) deposited in the allocation fund established under section
 36 39(b)(3) of this chapter; and

37 (2) to the extent permitted by law, transferred to the county or
 38 municipality that established the department of redevelopment for
 39 use in reducing the county's or municipality's property tax levies
 40 for debt service.

41 (o) If bonds are issued under this chapter that are payable solely or
 42 in part from revenues to the redevelopment commission from a project



1 or projects, the redevelopment commission may adopt a resolution or
 2 trust indenture or enter into covenants as is customary in the issuance
 3 of revenue bonds. The resolution or trust indenture may pledge or
 4 assign the revenues from the project or projects, but may not convey or
 5 mortgage any project or parts of a project. The resolution or trust
 6 indenture may also contain any provisions for protecting and enforcing
 7 the rights and remedies of the bond owners as may be reasonable and
 8 proper and not in violation of law, including covenants setting forth the
 9 duties of the redevelopment commission. The redevelopment
 10 commission may establish fees and charges for the use of any project
 11 and covenant with the owners of any bonds to set those fees and
 12 charges at a rate sufficient to protect the interest of the owners of the
 13 bonds. Any revenue bonds issued by the redevelopment commission
 14 that are payable solely from revenues of the commission shall contain
 15 a statement to that effect in the form of bond.

16 (p) If the total principal amount of bonds authorized by a resolution
 17 of the redevelopment commission adopted before July 1, 2008, is equal
 18 to or greater than three million dollars (\$3,000,000), the bonds may not
 19 be issued without the approval, by resolution, of the legislative body of
 20 the unit. Bonds authorized in any principal amount by a resolution of
 21 the redevelopment commission adopted after June 30, 2008, may not
 22 be issued without the approval of the legislative body of the unit.

23 SECTION 2. IC 36-7-14-25.2, AS AMENDED BY P.L.149-2014,
 24 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2018]: Sec. 25.2. (a) Subject to the prior approval of the fiscal
 26 body of the unit under subsection (c), a redevelopment commission
 27 may enter into a lease of any property that could be financed with the
 28 proceeds of bonds issued under this chapter with a lessor for a term not
 29 to exceed:

- 30 (1) fifty (50) years, for a lease entered into before July 1, 2008;
 31 **(2) seventy-five (75) years, for leases entered into after June**
 32 **30, 2018, to finance a project that is located in a**
 33 **redevelopment project area, an economic development area,**
 34 **or an urban renewal project area and that includes, as part of**
 35 **the project, the use and repurposing of two (2) or more**
 36 **buildings and structures that are:**
 37 **(A) at least seventy-five (75) years old; and**
 38 **(B) located at a site at which manufacturing previously**
 39 **occurred over a period of at least one hundred (100) years;**
 40 or
 41 **(2) (3) twenty-five (25) years, for a lease entered into after June**
 42 **30, 2008; that is not described in subdivision (1) or (2).**



1 The lease may provide for payments to be made by the redevelopment
2 commission from special benefits taxes levied under section 27 of this
3 chapter, taxes allocated under section 39 of this chapter, any other
4 revenues available to the redevelopment commission, or any
5 combination of these sources.

6 (b) A lease may provide that payments by the redevelopment
7 commission to the lessor are required only to the extent and only for the
8 period that the lessor is able to provide the leased facilities in
9 accordance with the lease. The terms of each lease must be based upon
10 the value of the facilities leased and may not create a debt of the unit
11 or the district for purposes of the Constitution of the State of Indiana.

12 (c) A lease may be entered into by the redevelopment commission
13 only after a public hearing by the redevelopment commission at which
14 all interested parties are provided the opportunity to be heard. After the
15 public hearing, the redevelopment commission may adopt a resolution
16 authorizing the execution of the lease on behalf of the unit if it finds
17 that the service to be provided throughout the term of the lease will
18 serve the public purpose of the unit and is in the best interests of its
19 residents. Any lease approved by a resolution of the redevelopment
20 commission must also be approved by an ordinance or resolution of the
21 fiscal body of the unit. The approving ordinance or resolution of the
22 fiscal body must include the following:

23 (1) The maximum annual lease rental for the lease.

24 (2) The maximum interest rate or rates, any provisions for
25 redemption before maturity, and any provisions for the payment
26 of capitalized interest associated with the lease.

27 (3) The maximum term of the lease.

28 (d) Upon execution of a lease providing for payments by the
29 redevelopment commission in whole or in part from the levy of special
30 benefits taxes under section 27 of this chapter and upon approval of the
31 lease by the unit's fiscal body, the redevelopment commission shall
32 publish notice of the execution of the lease and its approval in
33 accordance with IC 5-3-1. Fifty (50) or more taxpayers residing in the
34 redevelopment district who will be affected by the lease and who may
35 be of the opinion that no necessity exists for the execution of the lease
36 or that the payments provided for in the lease are not fair and
37 reasonable may file a petition in the office of the county auditor within
38 thirty (30) days after the publication of the notice of execution and
39 approval. The petition must set forth the petitioners' names, addresses,
40 and objections to the lease and the facts showing that the execution of
41 the lease is unnecessary or unwise or that the payments provided for in
42 the lease are not fair and reasonable, as the case may be.



1 (e) Upon the filing of the petition, the county auditor shall
2 immediately certify a copy of it, together with such other data as may
3 be necessary in order to present the questions involved, to the
4 department of local government finance. Upon receipt of the certified
5 petition and information, the department of local government finance
6 shall fix a time and place for a hearing in the redevelopment district,
7 which must be not less than five (5) or more than thirty (30) days after
8 the time is fixed. Notice of the hearing shall be given by the department
9 of local government finance to the members of the fiscal body, to the
10 redevelopment commission, and to the first fifty (50) petitioners on the
11 petition by a letter signed by the commissioner or deputy commissioner
12 of the department and enclosed with fully prepaid postage sent to those
13 persons at their usual place of residence, at least five (5) days before
14 the date of the hearing. The decision of the department of local
15 government finance on the appeal, upon the necessity for the execution
16 of the lease, and as to whether the payments under it are fair and
17 reasonable, is final.

18 (f) A redevelopment commission entering into a lease payable from
19 allocated taxes under section 39 of this chapter or other available funds
20 of the redevelopment commission may:

21 (1) pledge the revenue to make payments under the lease pursuant
22 to IC 5-1-14-4; and

23 (2) establish a special fund to make the payments.

24 (g) Lease rentals may be limited to money in the special fund so that
25 the obligations of the redevelopment commission to make the lease
26 rental payments are not considered debt of the unit or the district for
27 purposes of the Constitution of the State of Indiana.

28 (h) Except as provided in this section, no approvals of any
29 governmental body or agency are required before the redevelopment
30 commission enters into a lease under this section.

31 (i) An action to contest the validity of the lease or to enjoin the
32 performance of any of its terms and conditions must be brought within
33 thirty (30) days after the publication of the notice of the execution and
34 approval of the lease. However, if the lease is payable in whole or in
35 part from tax levies and an appeal has been taken to the department of
36 local government finance, an action to contest the validity or enjoin the
37 performance must be brought within thirty (30) days after the decision
38 of the department.

39 (j) If a redevelopment commission exercises an option to buy a
40 leased facility from a lessor, the redevelopment commission may
41 subsequently sell the leased facility, without regard to any other statute,
42 to the lessor at the end of the lease term at a price set forth in the lease



1 or at fair market value established at the time of the sale by the
 2 redevelopment commission through auction, appraisal, or arms length
 3 negotiation. If the facility is sold at auction, after appraisal, or through
 4 negotiation, the redevelopment commission shall conduct a hearing
 5 after public notice in accordance with IC 5-3-1 before the sale. Any
 6 action to contest the sale must be brought within fifteen (15) days of
 7 the hearing.

8 SECTION 3. IC 36-7-14-39, AS AMENDED BY THE
 9 TECHNICAL CORRECTIONS BILL OF THE 2018 GENERAL
 10 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2018]: Sec. 39. (a) As used in this section:

12 "Allocation area" means that part of a redevelopment project area
 13 to which an allocation provision of a declaratory resolution adopted
 14 under section 15 of this chapter refers for purposes of distribution and
 15 allocation of property taxes.

16 "Base assessed value" means the following:

17 (1) If an allocation provision is adopted after June 30, 1995, in a
 18 declaratory resolution or an amendment to a declaratory
 19 resolution establishing an economic development area:

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

24 (B) to the extent that it is not included in clause (A), the net
 25 assessed value of property that is assessed as residential
 26 property under the rules of the department of local government
 27 finance, as finally determined for any assessment date after the
 28 effective date of the allocation provision.

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

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

36 (B) to the extent that it is not included in clause (A), the net
 37 assessed value of property that is assessed as residential
 38 property under the rules of the department of local government
 39 finance, as finally determined for any assessment date after the
 40 effective date of the allocation provision.

41 (3) If:

42 (A) an allocation provision adopted before June 30, 1995, in



- 1 a declaratory resolution or an amendment to a declaratory
 2 resolution establishing a redevelopment project area expires
 3 after June 30, 1997; and
 4 (B) after June 30, 1997, a new allocation provision is included
 5 in an amendment to the declaratory resolution;
 6 the net assessed value of all the property as finally determined for
 7 the assessment date immediately preceding the effective date of
 8 the allocation provision adopted after June 30, 1997, as adjusted
 9 under subsection (h).
- 10 (4) Except as provided in subdivision (5), for all other allocation
 11 areas, the net assessed value of all the property as finally
 12 determined for the assessment date immediately preceding the
 13 effective date of the allocation provision of the declaratory
 14 resolution, as adjusted under subsection (h).
- 15 (5) If an allocation area established in an economic development
 16 area before July 1, 1995, is expanded after June 30, 1995, the
 17 definition in subdivision (1) applies to the expanded part of the
 18 area added after June 30, 1995.
- 19 (6) If an allocation area established in a redevelopment project
 20 area before July 1, 1997, is expanded after June 30, 1997, the
 21 definition in subdivision (2) applies to the expanded part of the
 22 area added after June 30, 1997.
- 23 Except as provided in section 39.3 of this chapter, "property taxes"
 24 means taxes imposed under IC 6-1.1 on real property. However, upon
 25 approval by a resolution of the redevelopment commission adopted
 26 before June 1, 1987, "property taxes" also includes taxes imposed
 27 under IC 6-1.1 on depreciable personal property. If a redevelopment
 28 commission adopted before June 1, 1987, a resolution to include within
 29 the definition of property taxes, taxes imposed under IC 6-1.1 on
 30 depreciable personal property that has a useful life in excess of eight
 31 (8) years, the commission may by resolution determine the percentage
 32 of taxes imposed under IC 6-1.1 on all depreciable personal property
 33 that will be included within the definition of property taxes. However,
 34 the percentage included must not exceed twenty-five percent (25%) of
 35 the taxes imposed under IC 6-1.1 on all depreciable personal property.
- 36 (b) A declaratory resolution adopted under section 15 of this chapter
 37 on or before the allocation deadline determined under subsection (i)
 38 may include a provision with respect to the allocation and distribution
 39 of property taxes for the purposes and in the manner provided in this
 40 section. A declaratory resolution previously adopted may include an
 41 allocation provision by the amendment of that declaratory resolution on
 42 or before the allocation deadline determined under subsection (i) in



1 accordance with the procedures required for its original adoption. A
 2 declaratory resolution or amendment that establishes an allocation
 3 provision must include a specific finding of fact, supported by
 4 evidence, that the adoption of the allocation provision will result in
 5 new property taxes in the area that would not have been generated but
 6 for the adoption of the allocation provision. For an allocation area
 7 established before July 1, 1995, the expiration date of any allocation
 8 provisions for the allocation area is June 30, 2025, or the last date of
 9 any obligations that are outstanding on July 1, 2015, whichever is later.
 10 A declaratory resolution or an amendment that establishes an allocation
 11 provision after June 30, 1995, must specify an expiration date for the
 12 allocation provision. For an allocation area established before July 1,
 13 2008, the expiration date may not be more than thirty (30) years after
 14 the date on which the allocation provision is established. For an
 15 allocation area established after June 30, 2008, the expiration date may
 16 not be more than twenty-five (25) years after the date on which the first
 17 obligation was incurred to pay principal and interest on bonds or lease
 18 rentals on leases payable from tax increment revenues. However, with
 19 respect to bonds or other obligations that were issued before July 1,
 20 2008, if any of the bonds or other obligations that were scheduled when
 21 issued to mature before the specified expiration date and that are
 22 payable only from allocated tax proceeds with respect to the allocation
 23 area remain outstanding as of the expiration date, the allocation
 24 provision does not expire until all of the bonds or other obligations are
 25 no longer outstanding. **Notwithstanding any other law, in the case of**
 26 **an allocation area that is established after June 30, 2018, and that**
 27 **is located in a redevelopment project area described in**
 28 **IC 36-7-14-25.1(c)(3)(C), an economic development area described**
 29 **in IC 36-7-14-25.1(c)(3)(C), or an urban renewal project area**
 30 **described in IC 36-7-14-25.1(c)(3)(C), the expiration date of the**
 31 **allocation provision may not be more than seventy-five (75) years**
 32 **after the date on which the allocation provision is established.** The
 33 allocation provision may apply to all or part of the redevelopment
 34 project area. The allocation provision must require that any property
 35 taxes subsequently levied by or for the benefit of any public body
 36 entitled to a distribution of property taxes on taxable property in the
 37 allocation area be allocated and distributed as follows:

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

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



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

(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 an allocation 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 which 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 27 of this chapter.
(D) Pay the principal of and interest on bonds issued by the
unit 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 25.2 of this
chapter.
(G) Reimburse the unit for expenditures made by it for local
public improvements (which include buildings, parking
facilities, and other items described in section 25.1(a) 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



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

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) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) that is attributable to the taxing district; by
- (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



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

(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 June 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



- 1 subdivision (3).
- 2 (B) Provide a written notice to the county auditor, the fiscal
3 body of the county or municipality that established the
4 department of redevelopment, the officers who are authorized
5 to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
6 each of the other taxing units that is wholly or partly located
7 within the allocation area, and (in an electronic format) the
8 department of local government finance. The notice must:
- 9 (i) state the amount, if any, of excess assessed value that the
10 commission has determined may be allocated to the
11 respective taxing units in the manner prescribed in
12 subdivision (1); or
- 13 (ii) state that the commission has determined that there is no
14 excess assessed value that may be allocated to the respective
15 taxing units in the manner prescribed in subdivision (1).
- 16 The county auditor shall allocate to the respective taxing units
17 the amount, if any, of excess assessed value determined by the
18 commission. The commission may not authorize an allocation
19 of assessed value to the respective taxing units under this
20 subdivision if to do so would endanger the interests of the
21 holders of bonds described in subdivision (3) or lessors under
22 section 25.3 of this chapter.
- 23 (C) If:
- 24 (i) the amount of excess assessed value determined by the
25 commission is expected to generate more than two hundred
26 percent (200%) of the amount of allocated tax proceeds
27 necessary to make, when due, principal and interest
28 payments on bonds described in subdivision (3); plus
- 29 (ii) the amount necessary for other purposes described in
30 subdivision (3);
- 31 the commission shall submit to the legislative body of the unit
32 its determination of the excess assessed value that the
33 commission proposes to allocate to the respective taxing units
34 in the manner prescribed in subdivision (1). The legislative
35 body of the unit may approve the commission's determination
36 or modify the amount of the excess assessed value that will be
37 allocated to the respective taxing units in the manner
38 prescribed in subdivision (1).
- 39 (c) For the purpose of allocating taxes levied by or for any taxing
40 unit or units, the assessed value of taxable property in a territory in the
41 allocation area that is annexed by any taxing unit after the effective
42 date of the allocation provision of the declaratory resolution is the



- 1 lesser of:
- 2 (1) the assessed value of the property for the assessment date with
- 3 respect to which the allocation and distribution is made; or
- 4 (2) the base assessed value.
- 5 (d) Property tax proceeds allocable to the redevelopment district
- 6 under subsection (b)(3) may, subject to subsection (b)(4), be
- 7 irrevocably pledged by the redevelopment district for payment as set
- 8 forth in subsection (b)(3).
- 9 (e) Notwithstanding any other law, each assessor shall, upon
- 10 petition of the redevelopment commission, reassess the taxable
- 11 property situated upon or in, or added to, the allocation area, effective
- 12 on the next assessment date after the petition.
- 13 (f) Notwithstanding any other law, the assessed value of all taxable
- 14 property in the allocation area, for purposes of tax limitation, property
- 15 tax replacement, and formulation of the budget, tax rate, and tax levy
- 16 for each political subdivision in which the property is located is the
- 17 lesser of:
- 18 (1) the assessed value of the property as valued without regard to
- 19 this section; or
- 20 (2) the base assessed value.
- 21 (g) If any part of the allocation area is located in an enterprise zone
- 22 created under IC 5-28-15, the unit that designated the allocation area
- 23 shall create funds as specified in this subsection. A unit that has
- 24 obligations, bonds, or leases payable from allocated tax proceeds under
- 25 subsection (b)(3) shall establish an allocation fund for the purposes
- 26 specified in subsection (b)(3) and a special zone fund. Such a unit
- 27 shall, until the end of the enterprise zone phase out period, deposit each
- 28 year in the special zone fund any amount in the allocation fund derived
- 29 from property tax proceeds in excess of those described in subsection
- 30 (b)(1) and (b)(2) from property located in the enterprise zone that
- 31 exceeds the amount sufficient for the purposes specified in subsection
- 32 (b)(3) for the year. The amount sufficient for purposes specified in
- 33 subsection (b)(3) for the year shall be determined based on the pro rata
- 34 portion of such current property tax proceeds from the part of the
- 35 enterprise zone that is within the allocation area as compared to all
- 36 such current property tax proceeds derived from the allocation area. A
- 37 unit that has no obligations, bonds, or leases payable from allocated tax
- 38 proceeds under subsection (b)(3) shall establish a special zone fund
- 39 and deposit all the property tax proceeds in excess of those described
- 40 in subsection (b)(1) and (b)(2) in the fund derived from property tax
- 41 proceeds in excess of those described in subsection (b)(1) and (b)(2)
- 42 from property located in the enterprise zone. The unit that creates the



1 special zone fund shall use the fund (based on the recommendations of
 2 the urban enterprise association) for programs in job training, job
 3 enrichment, and basic skill development that are designed to benefit
 4 residents and employers in the enterprise zone or other purposes
 5 specified in subsection (b)(3), except that where reference is made in
 6 subsection (b)(3) to allocation area it shall refer for purposes of
 7 payments from the special zone fund only to that part of the allocation
 8 area that is also located in the enterprise zone. Those programs shall
 9 reserve at least one-half (1/2) of their enrollment in any session for
 10 residents of the enterprise zone.

11 (h) The state board of accounts and department of local government
 12 finance shall make the rules and prescribe the forms and procedures
 13 that they consider expedient for the implementation of this chapter.
 14 After each ~~general reassessment of real property in an area under~~
 15 ~~IC 6-1.1-4-4~~ and after each reassessment in an area under a
 16 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
 17 local government finance shall adjust the base assessed value one (1)
 18 time to neutralize any effect of the reassessment of the real property in
 19 the area on the property tax proceeds allocated to the redevelopment
 20 district under this section. After each annual adjustment under
 21 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 22 the base assessed value one (1) time to neutralize any effect of the
 23 annual adjustment on the property tax proceeds allocated to the
 24 redevelopment district under this section. However, the adjustments
 25 under this subsection:

- 26 (1) may not include the effect of phasing in assessed value due to
- 27 property tax abatements under IC 6-1.1-12.1;
- 28 (2) may not produce less property tax proceeds allocable to the
- 29 redevelopment district under subsection (b)(3) than would
- 30 otherwise have been received if the ~~general reassessment, the~~
- 31 reassessment under the reassessment plan or the annual
- 32 adjustment had not occurred; and
- 33 (3) may decrease base assessed value only to the extent that
- 34 assessed values in the allocation area have been decreased due to
- 35 annual adjustments or the reassessment under the reassessment
- 36 plan.

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

42 (i) The allocation deadline referred to in subsection (b) is



- 1 determined in the following manner:
- 2 (1) The initial allocation deadline is December 31, 2011.
- 3 (2) Subject to subdivision (3), the initial allocation deadline and
- 4 subsequent allocation deadlines are automatically extended in
- 5 increments of five (5) years, so that allocation deadlines
- 6 subsequent to the initial allocation deadline fall on December 31,
- 7 2016, and December 31 of each fifth year thereafter.
- 8 (3) At least one (1) year before the date of an allocation deadline
- 9 determined under subdivision (2), the general assembly may enact
- 10 a law that:
- 11 (A) terminates the automatic extension of allocation deadlines
- 12 under subdivision (2); and
- 13 (B) specifically designates a particular date as the final
- 14 allocation deadline.

