

HOUSE BILL No. 1641

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-14-1.5; IC 6-1.1-5.5-2; IC 9-24-1-7; IC 16-23-1-12; IC 16-37-3-12; IC 20-26-5-41; IC 36-2; IC 36-7-14-39.

Synopsis: County government matters. Excludes meetings of the governing body of a police or fire merit system from the definition of a "meeting" under the open door law. Allows an executive session to be held to: (1) review, receive, and discuss the terms and conditions of a proposed contract; and (2) communicate with an attorney, subject to the attorney client privilege. Excludes conveyances to a unit from the definition of a "conveyance document". Amends requirements for local ordinances concerning the operation of a golf cart or an off-road vehicle. Provides that if a body is to be transported by common carrier, the person in charge of interment shall secure a burial transit permit in duplicate from certain individuals. Provides that the governing body of a school corporation may enter into a public-private agreement for the construction or renovation of school buildings under the statutes governing public-private agreements. Prohibits a county employee from taking action on a county contract, unless permitted by a county ordinance. Adds language excluding certain property from the definition of "residential property" for an allocation area established after June 30, 2025.

Effective: July 1, 2025.

Meltzer, Zimmerman

January 21, 2025, read first time and referred to Committee on Local Government.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1641

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 5-14-1.5-2, AS AMENDED BY P.L.171-2024,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2025]: Sec. 2. For the purposes of this chapter:

4 (a) "Public agency", except as provided in section 2.1 of this
5 chapter, means the following:

6 (1) Any board, commission, department, agency, authority, or
7 other entity, by whatever name designated, exercising a portion of
8 the executive, administrative, or legislative power of the state.

9 (2) Any county, township, school corporation, city, town, political
10 subdivision, or other entity, by whatever name designated,
11 exercising in a limited geographical area the executive,
12 administrative, or legislative power of the state or a delegated
13 local governmental power.

14 (3) Any entity which is subject to either:

15 (A) budget review by either the department of local
16 government finance or the governing body of a county, city,
17 town, township, or school corporation; or



- 1 (B) audit by the state board of accounts that is required by
- 2 statute, rule, or regulation.
- 3 (4) Any building corporation of a political subdivision of the state
- 4 of Indiana that issues bonds for the purpose of constructing public
- 5 facilities.
- 6 (5) Any advisory commission, committee, or body created by
- 7 statute, ordinance, or executive order to advise the governing
- 8 body of a public agency, except medical staffs or the committees
- 9 of any such staff.
- 10 (6) The Indiana gaming commission established by IC 4-33,
- 11 including any department, division, or office of the commission.
- 12 (7) The Indiana horse racing commission established by IC 4-31,
- 13 including any department, division, or office of the commission.
- 14 (b) "Governing body" means two (2) or more individuals who are
- 15 any of the following:
- 16 (1) A public agency that:
- 17 (A) is a board, a commission, an authority, a council, a
- 18 committee, a body, or other entity; and
- 19 (B) takes official action on public business.
- 20 (2) The board, commission, council, or other body of a public
- 21 agency which takes official action upon public business.
- 22 (3) Any committee appointed directly by the governing body or
- 23 its presiding officer to which authority to take official action upon
- 24 public business has been delegated. However, the following do
- 25 not constitute a governing body for purposes of this chapter:
- 26 (A) An agent or agents appointed by the governing body to
- 27 conduct collective bargaining on behalf of the governing body.
- 28 (B) A committee appointed directly by the governing body or
- 29 a designee of the governing body:
- 30 (i) for the sole purpose of receiving information,
- 31 deliberating, or making recommendations to the governing
- 32 body; and
- 33 (ii) that has not more than one (1) member of the governing
- 34 body as a member.
- 35 (c) "Meeting" means a gathering of a majority of the governing body
- 36 of a public agency for the purpose of taking official action upon public
- 37 business. It does not include any of the following:
- 38 (1) Any social or chance gathering not intended to avoid this
- 39 chapter.
- 40 (2) Any on-site inspection of any:
- 41 (A) project;
- 42 (B) program; or



- 1 (C) facilities of applicants for incentives or assistance from the
- 2 governing body.
- 3 (3) Traveling to and attending meetings of organizations devoted
- 4 to betterment of government.
- 5 (4) A caucus.
- 6 (5) A gathering to discuss an industrial or a commercial prospect
- 7 that does not include a conclusion as to recommendations, policy,
- 8 decisions, or final action on the terms of a request or an offer of
- 9 public financial resources.
- 10 (6) An orientation of members of the governing body on their role
- 11 and responsibilities as public officials, but not for any other
- 12 official action.
- 13 (7) A gathering for the sole purpose of administering an oath of
- 14 office to an individual.
- 15 (8) Collective bargaining discussions that the governing body of
- 16 a school corporation engages in directly with bargaining
- 17 adversaries. This subdivision applies only to a governing body
- 18 that has not appointed an agent or agents to conduct collective
- 19 bargaining on behalf of the governing body as described in
- 20 subsection (b)(3).
- 21 **(9) A gathering under IC 36-8-3.5.**
- 22 (d) "Official action" means to:
- 23 (1) receive information;
- 24 (2) deliberate;
- 25 (3) make recommendations;
- 26 (4) establish policy;
- 27 (5) make decisions; or
- 28 (6) take final action.
- 29 (e) "Public business" means any function upon which the public
- 30 agency is empowered or authorized to take official action.
- 31 (f) "Executive session" means a meeting from which the public is
- 32 excluded, except the governing body may admit those persons
- 33 necessary to carry out its purpose. The governing body may also admit
- 34 an individual who has been elected to the governing body but has not
- 35 been sworn in as a member of the governing body.
- 36 (g) "Final action" means a vote by the governing body on any
- 37 motion, proposal, resolution, rule, regulation, ordinance, or order.
- 38 (h) "Caucus" means a gathering of members of a political party or
- 39 coalition which is held for purposes of planning political strategy and
- 40 holding discussions designed to prepare the members for taking official
- 41 action.
- 42 (i) "Deliberate" means a discussion which may reasonably be



1 expected to result in official action (defined under subsection (d)(3),
2 (d)(4), (d)(5), or (d)(6)).

3 (j) "News media" means all newspapers qualified to receive legal
4 advertisements under IC 5-3-1, all news services (as defined in
5 IC 34-6-2-87), and all licensed commercial or public radio or television
6 stations.

7 (k) "Person" means an individual, a corporation, a limited liability
8 company, a partnership, an unincorporated association, or a
9 governmental entity.

10 (l) "State educational institution" has the meaning set forth in
11 IC 21-7-13-32.

12 (m) "Charter school" has the meaning set forth in IC 20-24-1-4).
13 The term includes a virtual charter school (as defined in
14 IC 20-24-1-10).

15 SECTION 2. IC 5-14-1.5-6.1, AS AMENDED BY P.L.200-2023,
16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2025]: Sec. 6.1. (a) As used in this section, "public official"
18 means a person:

- 19 (1) who is a member of a governing body of a public agency; or
20 (2) whose tenure and compensation are fixed by law and who
21 executes an oath.

22 (b) Executive sessions may be held only in the following instances:

- 23 (1) Where authorized by federal or state statute.
24 (2) For discussion of strategy with respect to any of the following:
25 (A) Collective bargaining, which does not include a discussion
26 or meeting under IC 20-29-6-7.
27 (B) Initiation of litigation or litigation that is either pending or
28 has been threatened specifically in writing. As used in this
29 clause, "litigation" includes any judicial action or
30 administrative law proceeding under federal or state law.
31 (C) The implementation of security systems.
32 (D) A real property transaction including:
33 (i) a purchase;
34 (ii) a lease as lessor;
35 (iii) a lease as lessee;
36 (iv) a transfer;
37 (v) an exchange; or
38 (vi) a sale;

39 by the governing body up to the time a contract or option is
40 executed by the parties. This clause does not affect a political
41 subdivision's duty to comply with any other statute that
42 governs the conduct of the real property transaction, including



- 1 IC 36-1-10 or IC 36-1-11.
- 2 (E) School consolidation.
- 3 However, all such strategy discussions must be necessary for
- 4 competitive or bargaining reasons and may not include
- 5 competitive or bargaining adversaries.
- 6 (3) For discussion of the assessment, design, and implementation
- 7 of school safety and security measures, plans, and systems.
- 8 (4) Interviews and negotiations with industrial or commercial
- 9 prospects or agents of industrial or commercial prospects by:
- 10 (A) the Indiana economic development corporation;
- 11 (B) the office of tourism development (before July 1, 2020) or
- 12 the Indiana destination development corporation (after June
- 13 30, 2020);
- 14 (C) the Indiana finance authority;
- 15 (D) the ports of Indiana;
- 16 (E) an economic development commission;
- 17 (F) the Indiana state department of agriculture;
- 18 (G) the Indiana White River state park development
- 19 commission;
- 20 (H) a local economic development organization that is a
- 21 nonprofit corporation established under state law whose
- 22 primary purpose is the promotion of industrial or business
- 23 development in Indiana, the retention or expansion of Indiana
- 24 businesses, or the development of entrepreneurial activities in
- 25 Indiana; or
- 26 (I) a governing body of a political subdivision.
- 27 However, this subdivision does not apply to any discussions
- 28 regarding research that is prohibited under IC 16-34.5-1-2 or
- 29 under any other law.
- 30 (5) To receive information about and interview prospective
- 31 employees.
- 32 (6) With respect to any individual over whom the governing body
- 33 has jurisdiction:
- 34 (A) to receive information concerning the individual's alleged
- 35 misconduct; and
- 36 (B) to discuss, before a determination, the individual's status
- 37 as an employee, a student, or an independent contractor who
- 38 is:
- 39 (i) a physician; or
- 40 (ii) a school bus driver.
- 41 (7) For discussion of records classified as confidential by state or
- 42 federal statute.



(8) To discuss before a placement decision an individual student's abilities, past performance, behavior, and needs.

(9) To discuss a job performance evaluation of individual employees. This subdivision does not apply to a discussion of the salary, compensation, or benefits of employees during a budget process.

(10) When considering the appointment of a public official, to do the following:

(A) Develop a list of prospective appointees.

(B) Consider applications.

(C) Make one (1) initial exclusion of prospective appointees from further consideration.

Notwithstanding IC 5-14-3-4(b)(12), a governing body may release and shall make available for inspection and copying in accordance with IC 5-14-3-3 identifying information concerning prospective appointees not initially excluded from further consideration. An initial exclusion of prospective appointees from further consideration may not reduce the number of prospective appointees to fewer than three (3) unless there are fewer than three (3) prospective appointees. Interviews of prospective appointees must be conducted at a meeting that is open to the public.

(11) To train school board members with an outside consultant about the performance of the role of the members as public officials.

(12) To prepare or score examinations used in issuing licenses, certificates, permits, or registrations under IC 25.

(13) To discuss information and intelligence intended to prevent, mitigate, or respond to the threat of terrorism.

(14) To train members of a board of aviation commissioners appointed under IC 8-22-2 or members of an airport authority board appointed under IC 8-22-3 with an outside consultant about the performance of the role of the members as public officials. A board may hold not more than one (1) executive session per calendar year under this subdivision.

(15) For discussion by the governing body of a state educational institution of:

(A) the assessment of; or

(B) negotiation with another entity concerning;

the establishment of a collaborative relationship or venture to advance the research, engagement, or education mission of the state educational institution. However, this subdivision does not



1 apply to any discussions regarding research that is prohibited
2 under IC 16-34.5-1-2 or under any other law.

3 **(16) To review, receive, and discuss the terms and conditions**
4 **of a proposed contract.**

5 **(17) To have communications with an attorney that are**
6 **subject to the attorney client privilege.**

7 (c) A final action must be taken at a meeting open to the public.

8 (d) Public notice of executive sessions must state the subject matter
9 by specific reference to the enumerated instance or instances for which
10 executive sessions may be held under subsection (b). The requirements
11 stated in section 4 of this chapter for memoranda and minutes being
12 made available to the public is modified as to executive sessions in that
13 the memoranda and minutes must identify the subject matter
14 considered by specific reference to the enumerated instance or
15 instances for which public notice was given. The governing body shall
16 certify by a statement in the memoranda and minutes of the governing
17 body that no subject matter was discussed in the executive session
18 other than the subject matter specified in the public notice.

19 (e) A governing body may not conduct an executive session during
20 a meeting, except as otherwise permitted by applicable statute. A
21 meeting may not be recessed and reconvened with the intent of
22 circumventing this subsection.

23 SECTION 3. IC 6-1.1-5.5-2, AS AMENDED BY P.L.49-2024,
24 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2025]: Sec. 2. (a) As used in this chapter, "conveyance
26 document" means any of the following:

27 (1) Any of the following that purports to transfer a real property
28 interest for valuable consideration:

29 (A) A document.

30 (B) A deed.

31 (C) A contract of sale.

32 (D) An agreement.

33 (E) A judgment.

34 (F) A lease that includes the fee simple estate and is for a
35 period in excess of ninety (90) years.

36 (G) A quitclaim deed serving as a source of title.

37 (H) Another document presented for recording.

38 (2) Documents for compulsory transactions as a result of
39 foreclosure or express threat of foreclosure, divorce, court order,
40 condemnation, or probate.

41 (3) Documents involving the partition of land between tenants in
42 common, joint tenants, or tenants by the entirety.



(b) The term does not include the following:

- (1) Security interest documents such as mortgages and trust deeds.
- (2) Leases that are for a term of less than ninety (90) years.
- (3) Agreements and other documents for mergers, consolidations, and incorporations involving solely nonlisted stock.
- (4) Quitclaim deeds not serving as a source of title.
- (5) Public utility or governmental easements or rights-of-way.
- (6) Conveyances to the state.

(7) Conveyances to a unit (as defined in IC 36-1-2-23).

SECTION 4. IC 9-24-1-7, AS AMENDED BY P.L.211-2023, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 7. (a) Section 1 of this chapter does not apply to the following individuals:

- (1) An individual in the service of the armed forces of the United States while operating an official motor vehicle in that service.
- (2) An individual who is at least sixteen (16) years and one hundred eighty (180) days of age, while operating:

- (A) road construction or maintenance machinery;
- (B) a ditch digging apparatus;
- (C) a well drilling apparatus; or
- (D) a concrete mixer;

that is being temporarily drawn, moved, or propelled on a highway.

- (3) A nonresident who:

(A) is:

- (i) at least sixteen (16) years and one hundred eighty (180) days of age; or
- (ii) employed in Indiana;

(B) has in the nonresident's immediate possession a valid driver's license that was issued to the nonresident in the nonresident's home state or country; and

(C) is legally present in the United States;

while operating on a highway the type of motor vehicle for which the driver's license was issued, subject to the restrictions imposed by the home state or country of the individual's residence.

- (4) A new Indiana resident who:

(A) possesses a valid driver's license issued by the state or country of the individual's former residence; and

(B) is legally present in the United States;

for a period of sixty (60) days after becoming an Indiana resident, and subject to the restrictions imposed by the state or country of



the individual's former residence while operating upon a highway the type of motor vehicle for which the driver's license was issued.

(5) An individual while operating a farm wagon that is being temporarily drawn, moved, or propelled on a public highway. However, to operate the farm wagon on a highway, other than to temporarily draw, move, or propel it, the individual must be at least fifteen (15) years of age.

~~(6) An individual who does not hold a driver's license or permit and is authorized to operate a golf cart or an off-road vehicle on the highways of a county, city, or town in accordance with an ordinance adopted under IC 9-21-1-3(a)(14) or IC 9-21-1-3.3(a).~~

(b) An ordinance adopted under IC 9-21-1-3(a)(14) or IC 9-21-1-3.3(a) **must require that an individual who operates concerning the operation of a golf cart or off-road vehicle in the city, county, or town must require either of the following:**

(1) **An operator** hold a driver's license. ~~or~~

(2) **An operator hold a driver's license or** be at least sixteen (16) years and one hundred eighty (180) days of age and hold:

(A) an identification card issued under IC 9-24-16; or

(B) a photo exempt identification card issued under IC 9-24-16.5.

SECTION 5. IC 16-23-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 12. (a) The governing board shall hold ~~one (1) regular meeting each month not less than ten~~ **(10) meetings a year at a time and place times and places** to be fixed by the board. The meeting must be held in a convenient place in the city in which the hospital is located. Special meetings of the board may be held on written notice by the president, the secretary, or any three (3) members of the board to the remaining members. Personal attendance at a meeting constitutes a waiver of notice.

(b) A majority of all members of the board constitutes a quorum for the transaction of business at any regular or special meeting. A majority vote of all members of the board is required on all questions or business.

SECTION 6. IC 16-37-3-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 12. If the body is to be transported by common carrier, the person in charge of interment shall secure a burial transit permit in duplicate **from:**

(1) the local health officer; or

(2) in the absence of a local health officer, the state registrar.

SECTION 7. IC 20-26-5-41, AS ADDED BY P.L.216-2021,



1 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2025]: Sec. 41. The governing body of a school corporation
3 may enter into a public-private agreement for the construction **or**
4 **renovation of new** school buildings **under IC 5-23.**

5 SECTION 8. IC 36-2-2-20 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2025]: Sec. 20. The county
7 executive may make orders concerning county property, including
8 orders for:

- 9 (1) the sale of the county's public buildings and the acquisition of
10 land in the county seat on which to build new public buildings;
11 and
12 (2) the acquisition of land for a public square and the
13 maintenance of that square.

14 However, a conveyance or purchase by a county of land having a value
15 of ~~one thousand dollars (\$1,000)~~ **fifty thousand dollars (\$50,000)** or
16 more must be authorized by an ordinance of the county fiscal body
17 fixing the terms and conditions of the transaction.

18 SECTION 9. IC 36-2-2.9-15 IS ADDED TO THE INDIANA CODE
19 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
20 1, 2025]: **Sec. 15. A county employee may not take action on a**
21 **county contract unless permitted by a county ordinance. This**
22 **section does not apply to a county officer.**

23 SECTION 10. IC 36-7-14-39, AS AMENDED BY P.L.136-2024,
24 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2025]: Sec. 39. (a) As used in this section:

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

30 "Base assessed value" means, subject to subsection (j), the
31 following:

- 32 (1) If an allocation provision is adopted after June 30, 1995, in a
33 declaratory resolution or an amendment to a declaratory
34 resolution establishing an economic development area:

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

39 (B) to the extent that it is not included in clause (A), the net
40 assessed value of property that is assessed as residential
41 property under the rules of the department of local government
42 finance, within the allocation area, as finally determined for



- 1 the current assessment date.
- 2 (2) If an allocation provision is adopted after June 30, 1997, in a
- 3 declaratory resolution or an amendment to a declaratory
- 4 resolution establishing a redevelopment project area:
- 5 (A) the net assessed value of all the property as finally
- 6 determined for the assessment date immediately preceding the
- 7 effective date of the allocation provision of the declaratory
- 8 resolution, as adjusted under subsection (h); plus
- 9 (B) to the extent that it is not included in clause (A), the net
- 10 assessed value of property that is assessed as residential
- 11 property under the rules of the department of local government
- 12 finance, as finally determined for the current assessment date.
- 13 (3) If:
- 14 (A) an allocation provision adopted before June 30, 1995, in
- 15 a declaratory resolution or an amendment to a declaratory
- 16 resolution establishing a redevelopment project area expires
- 17 after June 30, 1997; and
- 18 (B) after June 30, 1997, a new allocation provision is included
- 19 in an amendment to the declaratory resolution;
- 20 the net assessed value of all the property as finally determined for
- 21 the assessment date immediately preceding the effective date of
- 22 the allocation provision adopted after June 30, 1997, as adjusted
- 23 under subsection (h).
- 24 (4) Except as provided in subdivision (5), for all other allocation
- 25 areas, the net assessed value of all the property as finally
- 26 determined for the assessment date immediately preceding the
- 27 effective date of the allocation provision of the declaratory
- 28 resolution, as adjusted under subsection (h).
- 29 (5) If an allocation area established in an economic development
- 30 area before July 1, 1995, is expanded after June 30, 1995, the
- 31 definition in subdivision (1) applies to the expanded part of the
- 32 area added after June 30, 1995.
- 33 (6) If an allocation area established in a redevelopment project
- 34 area before July 1, 1997, is expanded after June 30, 1997, the
- 35 definition in subdivision (2) applies to the expanded part of the
- 36 area added after June 30, 1997.
- 37 Except as provided in section 39.3 of this chapter, "property taxes"
- 38 means taxes imposed under IC 6-1.1 on real property. However, upon
- 39 approval by a resolution of the redevelopment commission adopted
- 40 before June 1, 1987, "property taxes" also includes taxes imposed
- 41 under IC 6-1.1 on depreciable personal property. If a redevelopment
- 42 commission adopted before June 1, 1987, a resolution to include within



1 the definition of property taxes, taxes imposed under IC 6-1.1 on
2 depreciable personal property that has a useful life in excess of eight
3 (8) years, the commission may by resolution determine the percentage
4 of taxes imposed under IC 6-1.1 on all depreciable personal property
5 that will be included within the definition of property taxes. However,
6 the percentage included must not exceed twenty-five percent (25%) of
7 the taxes imposed under IC 6-1.1 on all depreciable personal property.

8 (b) A declaratory resolution adopted under section 15 of this chapter
9 on or before the allocation deadline determined under subsection (i)
10 may include a provision with respect to the allocation and distribution
11 of property taxes for the purposes and in the manner provided in this
12 section. A declaratory resolution previously adopted may include an
13 allocation provision by the amendment of that declaratory resolution on
14 or before the allocation deadline determined under subsection (i) in
15 accordance with the procedures required for its original adoption. A
16 declaratory resolution or amendment that establishes an allocation
17 provision must include a specific finding of fact, supported by
18 evidence, that the adoption of the allocation provision will result in
19 new property taxes in the area that would not have been generated but
20 for the adoption of the allocation provision. For an allocation area
21 established before July 1, 1995, the expiration date of any allocation
22 provisions for the allocation area is June 30, 2025, or the last date of
23 any obligations that are outstanding on July 1, 2015, whichever is later.
24 A declaratory resolution or an amendment that establishes an allocation
25 provision after June 30, 1995, must specify an expiration date for the
26 allocation provision. For an allocation area established before July 1,
27 2008, the expiration date may not be more than thirty (30) years after
28 the date on which the allocation provision is established. For an
29 allocation area established after June 30, 2008, the expiration date may
30 not be more than twenty-five (25) years after the date on which the first
31 obligation was incurred to pay principal and interest on bonds or lease
32 rentals on leases payable from tax increment revenues. However, with
33 respect to bonds or other obligations that were issued before July 1,
34 2008, if any of the bonds or other obligations that were scheduled when
35 issued to mature before the specified expiration date and that are
36 payable only from allocated tax proceeds with respect to the allocation
37 area remain outstanding as of the expiration date, the allocation
38 provision does not expire until all of the bonds or other obligations are
39 no longer outstanding. Notwithstanding any other law, in the case of an
40 allocation area that is established after June 30, 2019, and that is
41 located in a redevelopment project area described in section
42 25.1(c)(3)(C) of this chapter, an economic development area described



in section 25.1(c)(3)(C) of this chapter, or an urban renewal project area described in section 25.1(c)(3)(C) of this chapter, the expiration date of the allocation provision may not be more than thirty-five (35) years after the date on which the allocation provision is established. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

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

(2) This subdivision applies to a fire protection territory established after December 31, 2022. If a unit becomes a participating unit of a fire protection territory that is established after a declaratory resolution is adopted under section 15 of this chapter, the excess of the proceeds of the property taxes attributable to an increase in the property tax rate for the participating unit of a fire protection territory:

(A) except as otherwise provided by this subdivision, shall be determined as follows:

STEP ONE: Divide the unit's tax rate for fire protection for the year before the establishment of the fire protection territory by the participating unit's tax rate as part of the fire protection territory.

STEP TWO: Subtract the STEP ONE amount from one (1).

STEP THREE: Multiply the STEP TWO amount by the allocated property tax attributable to the participating unit of the fire protection territory; and

(B) to the extent not otherwise included in subdivisions (1) and (3), the amount determined under STEP THREE of clause

(A) shall be allocated to and distributed in the form of an allocated property tax revenue pass back to the participating unit of the fire protection territory for the assessment date with respect to which the allocation is made.

However, if the redevelopment commission determines that it is unable to meet its debt service obligations with regards to the



1 allocation area without all or part of the allocated property tax
 2 revenue pass back to the participating unit of a fire protection area
 3 under this subdivision, then the allocated property tax revenue
 4 pass back under this subdivision shall be reduced by the amount
 5 necessary for the redevelopment commission to meet its debt
 6 service obligations of the allocation area. The calculation under
 7 this subdivision must be made by the redevelopment commission
 8 in collaboration with the county auditor and the applicable fire
 9 protection territory. Any calculation determined according to
 10 clause (A) must be submitted to the department of local
 11 government finance in the manner prescribed by the department
 12 of local government finance. The department of local government
 13 finance shall verify the accuracy of each calculation.

14 (3) The excess of the proceeds of the property taxes imposed for
 15 the assessment date with respect to which the allocation and
 16 distribution is made that are attributable to taxes imposed after
 17 being approved by the voters in a referendum or local public
 18 question conducted after April 30, 2010, not otherwise included
 19 in subdivisions (1) and (2) shall be allocated to and, when
 20 collected, paid into the funds of the taxing unit for which the
 21 referendum or local public question was conducted.

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

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

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

35 (C) Pay the principal of and interest on bonds payable from
 36 allocated tax proceeds in that allocation area and from the
 37 special tax levied under section 27 of this chapter.

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

41 (E) Pay premiums on the redemption before maturity of bonds
 42 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 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

(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.

(N) Expend revenues that are allocated for police and fire services on both capital expenditures and operating expenses



- 1 as authorized in section 12.2(a)(28) of this chapter.
 2 The allocation fund may not be used for operating expenses of the
 3 commission.
 4 (5) Except as provided in subsection (g), before June 15 of each
 5 year, the commission shall do the following:
 6 (A) Determine the amount, if any, by which the assessed value
 7 of the taxable property in the allocation area for the most
 8 recent assessment date minus the base assessed value, when
 9 multiplied by the estimated tax rate of the allocation area, will
 10 exceed the amount of assessed value needed to produce the
 11 property taxes necessary to make, when due, principal and
 12 interest payments on bonds described in subdivision (4), plus
 13 the amount necessary for other purposes described in
 14 subdivision (4).
 15 (B) Provide a written notice to the county auditor, the fiscal
 16 body of the county or municipality that established the
 17 department of redevelopment, and the officers who are
 18 authorized to fix budgets, tax rates, and tax levies under
 19 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 20 or partly located within the allocation area. The county auditor,
 21 upon receiving the notice, shall forward this notice (in an
 22 electronic format) to the department of local government
 23 finance not later than June 15 of each year. The notice must:
 24 (i) state the amount, if any, of excess assessed value that the
 25 commission has determined may be allocated to the
 26 respective taxing units in the manner prescribed in
 27 subdivision (1); or
 28 (ii) state that the commission has determined that there is no
 29 excess assessed value that may be allocated to the respective
 30 taxing units in the manner prescribed in subdivision (1).
 31 The county auditor shall allocate to the respective taxing units
 32 the amount, if any, of excess assessed value determined by the
 33 commission. The commission may not authorize an allocation
 34 of assessed value to the respective taxing units under this
 35 subdivision if to do so would endanger the interests of the
 36 holders of bonds described in subdivision (4) or lessors under
 37 section 25.3 of this chapter.
 38 (C) If:
 39 (i) the amount of excess assessed value determined by the
 40 commission is expected to generate more than two hundred
 41 percent (200%) of the amount of allocated tax proceeds
 42 necessary to make, when due, principal and interest



1 payments on bonds described in subdivision (4); plus
 2 (ii) the amount necessary for other purposes described in
 3 subdivision (4);
 4 the commission shall submit to the legislative body of the unit
 5 its determination of the excess assessed value that the
 6 commission proposes to allocate to the respective taxing units
 7 in the manner prescribed in subdivision (1). The legislative
 8 body of the unit may approve the commission's determination
 9 or modify the amount of the excess assessed value that will be
 10 allocated to the respective taxing units in the manner
 11 prescribed in subdivision (1).
 12 (6) Notwithstanding subdivision (5), in the case of an allocation
 13 area that is established after June 30, 2019, and that is located in
 14 a redevelopment project area described in section 25.1(c)(3)(C)
 15 of this chapter, an economic development area described in
 16 section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 17 area described in section 25.1(c)(3)(C) of this chapter, for each
 18 year the allocation provision is in effect, if the amount of excess
 19 assessed value determined by the commission under subdivision
 20 (5)(A) is expected to generate more than two hundred percent
 21 (200%) of:
 22 (A) the amount of allocated tax proceeds necessary to make,
 23 when due, principal and interest payments on bonds described
 24 in subdivision (4) for the project; plus
 25 (B) the amount necessary for other purposes described in
 26 subdivision (4) for the project;
 27 the amount of the excess assessed value that generates more than
 28 two hundred percent (200%) of the amounts described in clauses
 29 (A) and (B) shall be allocated to the respective taxing units in the
 30 manner prescribed by subdivision (1).
 31 (c) For the purpose of allocating taxes levied by or for any taxing
 32 unit or units, the assessed value of taxable property in a territory in the
 33 allocation area that is annexed by any taxing unit after the effective
 34 date of the allocation provision of the declaratory resolution is the
 35 lesser of:
 36 (1) the assessed value of the property for the assessment date with
 37 respect to which the allocation and distribution is made; or
 38 (2) the base assessed value.
 39 (d) Property tax proceeds allocable to the redevelopment district
 40 under subsection (b)(4) may, subject to subsection (b)(5), be
 41 irrevocably pledged by the redevelopment district for payment as set
 42 forth in subsection (b)(4).



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

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

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

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(4) shall establish an allocation fund for the purposes specified in subsection (b)(4) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(4) for the year. The amount sufficient for purposes specified in subsection (b)(4) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(4) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(4), except that where reference is made in subsection (b)(4) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those



1 programs shall reserve at least one-half (1/2) of their enrollment in any
 2 session for residents of the enterprise zone.

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

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

18 (2) may not produce less property tax proceeds allocable to the
 19 redevelopment district under subsection (b)(4) than would
 20 otherwise have been received if the reassessment under the
 21 reassessment plan or the annual adjustment had not occurred; and
 22 (3) may decrease base assessed value only to the extent that
 23 assessed values in the allocation area have been decreased due to
 24 annual adjustments or the reassessment under the reassessment
 25 plan.

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

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

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

34 (2) Subject to subdivision (3), the initial allocation deadline and
 35 subsequent allocation deadlines are automatically extended in
 36 increments of five (5) years, so that allocation deadlines
 37 subsequent to the initial allocation deadline fall on December 31,
 38 2016, and December 31 of each fifth year thereafter.

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

42 (A) terminates the automatic extension of allocation deadlines



under subdivision (2); and

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

(j) If a redevelopment commission adopts a declaratory resolution or an amendment to a declaratory resolution that contains an allocation provision and the redevelopment commission makes either of the filings required under section 17(e) of this chapter after the first anniversary of the effective date of the allocation provision, the auditor of the county in which the unit is located shall compute the base assessed value for the allocation area using the assessment date immediately preceding the later of:

(1) the date on which the documents are filed with the county auditor; or

(2) the date on which the documents are filed with the department of local government finance.

(k) For an allocation area established after June 30, 2025:

(1) "Residential property" refers to the assessed value of property that is allocated to the one percent (1%) homestead land and improvement categories in the county tax and billing software system, along with the residential assessed value as defined for purposes of calculating the rate for the local income tax property tax relief credit designated for residential property under IC 6-3.6-5-6(d)(3).

(2) The following are not included in the definition of "residential property" and must still be classified as commercial property:

(A) Property consisting of condominiums in a structure that has four (4) or more stories.

(B) Property consisting of a structure with four (4) or more units that are owned by a single owner.

(l) Subsection (k)(1) does not apply for purposes of the definition of residential housing in an economic development target area under IC 36-7-14-0.5(f).

