



January 23, 2019

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## SENATE BILL No. 83

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DIGEST OF SB 83 (Updated January 22, 2019 11:11 am - DI 125)

**Citations Affected:** IC 36-7.

**Synopsis:** Tax increment financing. Allows a redevelopment commission (including the Indianapolis metropolitan development commission) to the use up to 15% of the property tax proceeds allocated to a redevelopment district in a fiscal year for ongoing maintenance and repair of: (1) public ways; and (2) sewers, central water systems, central sewer systems, roads, sidewalks, and levees; that are located in an allocation area and that were funded in whole or in part with tax proceeds allocated to the redevelopment district.

**Effective:** Upon passage.

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## Melton

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January 3, 2019, read first time and referred to Committee on Tax and Fiscal Policy.  
January 22, 2019, amended, reported favorably — Do Pass.

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SB 83—LS 6190/DI 120





January 23, 2019

First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

## SENATE BILL No. 83

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

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

- 1 SECTION 1. IC 36-7-14-12.2, AS AMENDED BY P.L.95-2014,  
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 12.2. (a) The redevelopment commission may  
4 do the following:  
5 (1) Acquire by purchase, exchange, gift, grant, condemnation, or  
6 lease, or any combination of methods, any personal property or  
7 interest in real property needed for the redevelopment of areas  
8 needing redevelopment that are located within the corporate  
9 boundaries of the unit.  
10 (2) Hold, use, sell (by conveyance by deed, land sale contract, or  
11 other instrument), exchange, lease, rent, or otherwise dispose of  
12 property acquired for use in the redevelopment of areas needing  
13 redevelopment on the terms and conditions that the commission  
14 considers best for the unit and its inhabitants.  
15 (3) Sell, lease, or grant interests in all or part of the real property  
16 acquired for redevelopment purposes to any other department of  
17 the unit or to any other governmental agency for public ways,

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- 1 levees, sewerage, parks, playgrounds, schools, and other public  
 2 purposes on any terms that may be agreed on.  
 3 (4) Clear real property acquired for redevelopment purposes.  
 4 (5) Enter on or into, inspect, investigate, and assess real property  
 5 and structures acquired or to be acquired for redevelopment  
 6 purposes to determine the existence, source, nature, and extent of  
 7 any environmental contamination, including the following:  
 8 (A) Hazardous substances.  
 9 (B) Petroleum.  
 10 (C) Other pollutants.  
 11 (6) Remediate environmental contamination, including the  
 12 following, found on any real property or structures acquired for  
 13 redevelopment purposes:  
 14 (A) Hazardous substances.  
 15 (B) Petroleum.  
 16 (C) Other pollutants.  
 17 (7) Repair and maintain:  
 18 (A) structures acquired for redevelopment purposes; **and**  
 19 (B) **on an ongoing basis, any:**  
 20 (i) **public ways; and**  
 21 (ii) **sewers, central water systems, central sewer systems,**  
 22 **roads, sidewalks, and levees;**  
 23 **that are located in an allocation area and that were funded**  
 24 **in whole or in part with tax proceeds allocated to the**  
 25 **redevelopment district.**  
 26 (8) Remodel, rebuild, enlarge, or make major structural  
 27 improvements on structures acquired for redevelopment purposes.  
 28 (9) Survey or examine any land to determine whether it should be  
 29 included within an area needing redevelopment to be acquired for  
 30 redevelopment purposes and to determine the value of that land.  
 31 (10) Appear before any other department or agency of the unit, or  
 32 before any other governmental agency in respect to any matter  
 33 affecting:  
 34 (A) real property acquired or being acquired for  
 35 redevelopment purposes; or  
 36 (B) any area needing redevelopment within the jurisdiction of  
 37 the commissioners.  
 38 (11) Institute or defend in the name of the unit any civil action.  
 39 (12) Use any legal or equitable remedy that is necessary or  
 40 considered proper to protect and enforce the rights of and perform  
 41 the duties of the department of redevelopment.  
 42 (13) Appoint an executive director, appraisers, real estate experts,



- 1 engineers, architects, surveyors, and attorneys.  
 2 (14) Appoint clerks, guards, laborers, and other employees the  
 3 commission considers advisable, except that those appointments  
 4 must be made in accordance with the merit system of the unit if  
 5 such a system exists.  
 6 (15) Prescribe the duties and regulate the compensation of  
 7 employees of the department of redevelopment.  
 8 (16) Provide a pension and retirement system for employees of  
 9 the department of redevelopment by using the Indiana public  
 10 employees' retirement fund or a retirement plan approved by the  
 11 United States Department of Housing and Urban Development.  
 12 (17) Discharge and appoint successors to employees of the  
 13 department of redevelopment subject to subdivision (14).  
 14 (18) Rent offices for use of the department of redevelopment, or  
 15 accept the use of offices furnished by the unit.  
 16 (19) Equip the offices of the department of redevelopment with  
 17 the necessary furniture, furnishings, equipment, records, and  
 18 supplies.  
 19 (20) Expend, on behalf of the special taxing district, all or any  
 20 part of the money of the special taxing district.  
 21 (21) Contract for the construction of:  
 22 (A) local public improvements (as defined in IC 36-7-14.5-6)  
 23 or structures that are necessary for redevelopment of areas  
 24 needing redevelopment or economic development within the  
 25 corporate boundaries of the unit; or  
 26 (B) any structure that enhances development or economic  
 27 development.  
 28 (22) Contract for the construction, extension, or improvement of  
 29 pedestrian skyways.  
 30 (23) Accept loans, grants, and other forms of financial assistance  
 31 from the federal government, the state government, a municipal  
 32 corporation, a special taxing district, a foundation, or any other  
 33 source.  
 34 (24) Provide financial assistance (including grants and loans) to  
 35 enable individuals and families to purchase or lease residential  
 36 units in a multiple unit residential structure within the district.  
 37 However, financial assistance may be provided only to individuals  
 38 and families whose income is at or below the unit's median  
 39 income for individuals and families, respectively.  
 40 (25) Provide financial assistance (including grants and loans) to  
 41 neighborhood development corporations to permit them to:  
 42 (A) provide financial assistance for the purposes described in



- 1 subdivision (24); or  
 2 (B) construct, rehabilitate, or repair commercial property  
 3 within the district.
- 4 (26) Require as a condition of financial assistance to the owner of  
 5 a multiple unit residential structure that any of the units leased by  
 6 the owner must be leased:  
 7 (A) for a period to be determined by the commission, which  
 8 may not be less than five (5) years;  
 9 (B) to families whose income does not exceed eighty percent  
 10 (80%) of the unit's median income for families; and  
 11 (C) at an affordable rate.
- 12 (27) This subdivision does not apply to a redevelopment  
 13 commission in a county for which the total amount of net property  
 14 taxes allocated to all allocation areas or other tax increment  
 15 financing areas established by a redevelopment commission,  
 16 military base reuse authority, military base development authority,  
 17 or another similar entity in the county in the preceding calendar  
 18 year exceeded nineteen percent (19%) of the total net property  
 19 taxes billed in the county in the preceding calendar year. Subject  
 20 to prior approval by the fiscal body of the unit that established the  
 21 redevelopment commission, expend money and provide financial  
 22 assistance (including grants and loans):  
 23 (A) in direct support of:  
 24 (i) an active military base located within the unit; or  
 25 (ii) an entity located in the territory or facilities of a military  
 26 base or former military base within the unit that is scheduled  
 27 for closing or is completely or partially inactive or closed, or  
 28 an entity that is located in any territory or facilities of the  
 29 United States Department of Defense within the unit that are  
 30 scheduled for closing or are completely or partially inactive  
 31 or closed;  
 32 including direct support for the promotion of the active  
 33 military base or entity, the growth of the active military base  
 34 or entity, and activities at the active military base or entity; and  
 35 (B) in support of any other entity that provides services or  
 36 direct support to an active military base or entity described in  
 37 clause (A).
- 38 The fiscal body of the unit that established the redevelopment  
 39 commission must separately approve each grant, loan, or other  
 40 expenditure for financial assistance under this subdivision. The  
 41 terms of any loan that is made under this subdivision may be  
 42 changed only if the change is approved by the fiscal body of the



1 unit that established the redevelopment commission. As used in  
 2 this subdivision, "active military base" has the meaning set forth  
 3 in IC 36-1-4-20.

4 (b) Conditions imposed by the commission under subsection (a)(26)  
 5 remain in force throughout the period determined under subsection  
 6 (a)(26)(A), even if the owner sells, leases, or conveys the property. The  
 7 subsequent owner or lessee is bound by the conditions for the  
 8 remainder of the period.

9 (c) As used in this section, "pedestrian skyway" means a pedestrian  
 10 walkway within or outside of the public right-of-way and through and  
 11 above public or private property and buildings, including all structural  
 12 supports required to connect skyways to buildings or buildings under  
 13 construction. Pedestrian skyways constructed, extended, or improved  
 14 over or through public or private property constitute public property  
 15 and public improvements, constitute a public use and purpose, and do  
 16 not require vacation of any public way or other property.

17 (d) All powers that may be exercised under this chapter by the  
 18 redevelopment commission may also be exercised by the  
 19 redevelopment commission in carrying out its duties and purposes  
 20 under IC 36-7-14.5. However, if a power pertains to issuing bonds or  
 21 incurring an obligation, the exercise of the power must first be  
 22 specifically approved by the fiscal or legislative body of the unit,  
 23 whichever applies.

24 (e) A commission may not exercise the power of eminent domain.

25 SECTION 2. IC 36-7-14-39, AS AMENDED BY P.L.86-2018,  
 26 SECTION 344, IS AMENDED TO READ AS FOLLOWS  
 27 [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) As used in this section:

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

32 "Base assessed value" means the following:

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

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

40 (B) to the extent that it is not included in clause (A), the net  
 41 assessed value of property that is assessed as residential  
 42 property under the rules of the department of local government



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





1 under IC 6-1.1 on depreciable personal property. If a redevelopment  
2 commission adopted before June 1, 1987, a resolution to include within  
3 the definition of property taxes, taxes imposed under IC 6-1.1 on  
4 depreciable personal property that has a useful life in excess of eight  
5 (8) years, the commission may by resolution determine the percentage  
6 of taxes imposed under IC 6-1.1 on all depreciable personal property  
7 that will be included within the definition of property taxes. However,  
8 the percentage included must not exceed twenty-five percent (25%) of  
9 the taxes imposed under IC 6-1.1 on all depreciable personal property.

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



1 require that any property taxes subsequently levied by or for the benefit  
 2 of any public body entitled to a distribution of property taxes on taxable  
 3 property in the allocation area be allocated and distributed as follows:

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

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

8 or

9 (B) the base assessed value;

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

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

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

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

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

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

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

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

42 (F) Make payments on leases payable from allocated tax



- 1 proceeds in that allocation area under section 25.2 of this  
 2 chapter.
- 3 (G) Reimburse the unit for expenditures made by it for local  
 4 public improvements (which include buildings, parking  
 5 facilities, and other items described in section 25.1(a) of this  
 6 chapter) that are physically located in or physically connected  
 7 to that allocation area.
- 8 (H) Reimburse the unit for rentals paid by it for a building or  
 9 parking facility that is physically located in or physically  
 10 connected to that allocation area under any lease entered into  
 11 under IC 36-1-10.
- 12 (I) For property taxes first due and payable before January 1,  
 13 2009, pay all or a part of a property tax replacement credit to  
 14 taxpayers in an allocation area as determined by the  
 15 redevelopment commission. This credit equals the amount  
 16 determined under the following STEPS for each taxpayer in a  
 17 taxing district (as defined in IC 6-1.1-1-20) that contains all or  
 18 part of the allocation area:
- 19 STEP ONE: Determine that part of the sum of the amounts  
 20 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),  
 21 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and  
 22 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to  
 23 the taxing district.
- 24 STEP TWO: Divide:
- 25 (i) that part of each county's eligible property tax  
 26 replacement amount (as defined in IC 6-1.1-21-2 (before its  
 27 repeal)) for that year as determined under IC 6-1.1-21-4  
 28 (before its repeal) that is attributable to the taxing district;  
 29 by
- 30 (ii) the STEP ONE sum.
- 31 STEP THREE: Multiply:
- 32 (i) the STEP TWO quotient; times
- 33 (ii) the total amount of the taxpayer's taxes (as defined in  
 34 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district  
 35 that have been allocated during that year to an allocation  
 36 fund under this section.
- 37 If not all the taxpayers in an allocation area receive the credit  
 38 in full, each taxpayer in the allocation area is entitled to  
 39 receive the same proportion of the credit. A taxpayer may not  
 40 receive a credit under this section and a credit under section  
 41 39.5 of this chapter (before its repeal) in the same year.
- 42 (J) Pay expenses incurred by the redevelopment commission



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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) Pay expenses incurred by the redevelopment commission, or reimburse the unit for expenditures made by it, for ongoing maintenance and repair of:**

- (i) public ways; and**
- (ii) sewers, central water systems, central sewer systems, roads, sidewalks, and levees;**

**that are located in an allocation area and that were funded in whole or in part with tax proceeds allocated to the redevelopment district. However, the total amount of money spent for purposes described in this clause may not exceed fifteen percent (15%) of the total amount of tax proceeds allocated to the allocation fund of the redevelopment district in the fiscal year immediately preceding the fiscal year in which the expenditure or reimbursement is made.**

~~(K)~~ **(L)** 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)~~ **(M)** 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)~~, (L), including any payments of principal**



1 and interest on bonds and other obligations payable under  
2 this subdivision, any payments of premiums under this  
3 subdivision on the redemption before maturity of bonds, and  
4 any payments on leases payable under this subdivision.  
5 (ii) Make any reimbursements required under this  
6 subdivision.  
7 (iii) Pay any expenses required under this subdivision.  
8 (iv) Establish, augment, or restore any debt service reserve  
9 under this subdivision.  
10 ~~(M)~~ (N) Expend money and provide financial assistance as  
11 authorized in section 12.2(a)(27) of this chapter.  
12 The allocation fund may not be used for operating expenses of the  
13 commission.  
14 (4) Except as provided in subsection (g), before June 15 of each  
15 year, the commission shall do the following:  
16 (A) Determine the amount, if any, by which the assessed value  
17 of the taxable property in the allocation area for the most  
18 recent assessment date minus the base assessed value, when  
19 multiplied by the estimated tax rate of the allocation area, will  
20 exceed the amount of assessed value needed to produce the  
21 property taxes necessary to make, when due, principal and  
22 interest payments on bonds described in subdivision (3), plus  
23 the amount necessary for other purposes described in  
24 subdivision (3).  
25 (B) Provide a written notice to the county auditor, the fiscal  
26 body of the county or municipality that established the  
27 department of redevelopment, the officers who are authorized  
28 to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for  
29 each of the other taxing units that is wholly or partly located  
30 within the allocation area, and (in an electronic format) the  
31 department of local government finance. The notice must:  
32 (i) state the amount, if any, of excess assessed value that the  
33 commission has determined may be allocated to the  
34 respective taxing units in the manner prescribed in  
35 subdivision (1); or  
36 (ii) state that the commission has determined that there is no  
37 excess assessed value that may be allocated to the respective  
38 taxing units in the manner prescribed in subdivision (1).  
39 The county auditor shall allocate to the respective taxing units  
40 the amount, if any, of excess assessed value determined by the  
41 commission. The commission may not authorize an allocation  
42 of assessed value to the respective taxing units under this



1 subdivision if to do so would endanger the interests of the  
 2 holders of bonds described in subdivision (3) or lessors under  
 3 section 25.3 of this chapter.

4 (C) If:

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

10 (ii) the amount necessary for other purposes described in  
 11 subdivision (3);

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

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

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

27 (2) the base assessed value.

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

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

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

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



1           (2) the base assessed value.

2           (g) If any part of the allocation area is located in an enterprise zone  
3 created under IC 5-28-15, the unit that designated the allocation area  
4 shall create funds as specified in this subsection. A unit that has  
5 obligations, bonds, or leases payable from allocated tax proceeds under  
6 subsection (b)(3) shall establish an allocation fund for the purposes  
7 specified in subsection (b)(3) and a special zone fund. Such a unit  
8 shall, until the end of the enterprise zone phase out period, deposit each  
9 year in the special zone fund any amount in the allocation fund derived  
10 from property tax proceeds in excess of those described in subsection  
11 (b)(1) and (b)(2) from property located in the enterprise zone that  
12 exceeds the amount sufficient for the purposes specified in subsection  
13 (b)(3) for the year. The amount sufficient for purposes specified in  
14 subsection (b)(3) for the year shall be determined based on the pro rata  
15 portion of such current property tax proceeds from the part of the  
16 enterprise zone that is within the allocation area as compared to all  
17 such current property tax proceeds derived from the allocation area. A  
18 unit that has no obligations, bonds, or leases payable from allocated tax  
19 proceeds under subsection (b)(3) shall establish a special zone fund  
20 and deposit all the property tax proceeds in excess of those described  
21 in subsection (b)(1) and (b)(2) in the fund derived from property tax  
22 proceeds in excess of those described in subsection (b)(1) and (b)(2)  
23 from property located in the enterprise zone. The unit that creates the  
24 special zone fund shall use the fund (based on the recommendations of  
25 the urban enterprise association) for programs in job training, job  
26 enrichment, and basic skill development that are designed to benefit  
27 residents and employers in the enterprise zone or other purposes  
28 specified in subsection (b)(3), except that where reference is made in  
29 subsection (b)(3) to allocation area it shall refer for purposes of  
30 payments from the special zone fund only to that part of the allocation  
31 area that is also located in the enterprise zone. Those programs shall  
32 reserve at least one-half (1/2) of their enrollment in any session for  
33 residents of the enterprise zone.

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



1 local government finance shall adjust the base assessed value one (1)  
 2 time to neutralize any effect of the annual adjustment on the property  
 3 tax proceeds allocated to the redevelopment district under this section.  
 4 However, the adjustments under this subsection:

- 5 (1) may not include the effect of phasing in assessed value due to  
 6 property tax abatements under IC 6-1.1-12.1;  
 7 (2) may not produce less property tax proceeds allocable to the  
 8 redevelopment district under subsection (b)(3) than would  
 9 otherwise have been received if the reassessment under the  
 10 reassessment plan or the annual adjustment had not occurred; and  
 11 (3) may decrease base assessed value only to the extent that  
 12 assessed values in the allocation area have been decreased due to  
 13 annual adjustments or the reassessment under the reassessment  
 14 plan.

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

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

- 22 (1) The initial allocation deadline is December 31, 2011.  
 23 (2) Subject to subdivision (3), the initial allocation deadline and  
 24 subsequent allocation deadlines are automatically extended in  
 25 increments of five (5) years, so that allocation deadlines  
 26 subsequent to the initial allocation deadline fall on December 31,  
 27 2016, and December 31 of each fifth year thereafter.  
 28 (3) At least one (1) year before the date of an allocation deadline  
 29 determined under subdivision (2), the general assembly may enact  
 30 a law that:  
 31 (A) terminates the automatic extension of allocation deadlines  
 32 under subdivision (2); and  
 33 (B) specifically designates a particular date as the final  
 34 allocation deadline.

35 SECTION 3. IC 36-7-15.1-7, AS AMENDED BY P.L.95-2014,  
 36 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 UPON PASSAGE]: Sec. 7. (a) In carrying out its duties and purposes  
 38 under this chapter, the commission may do the following:

- 39 (1) Acquire by purchase, exchange, gift, grant, lease, or  
 40 condemnation, or any combination of methods, any real or  
 41 personal property or interest in property needed for the  
 42 redevelopment of areas needing redevelopment that are located





- 1 within the redevelopment district.
- 2 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
- 3 other instrument), exchange, lease, rent, invest in, or otherwise
- 4 dispose of, through any combination of methods, property
- 5 acquired for use in the redevelopment of areas needing
- 6 redevelopment on the terms and conditions that the commission
- 7 considers best for the city and its inhabitants.
- 8 (3) Acquire from and sell, lease, or grant interests in all or part of
- 9 the real property acquired for redevelopment purposes to any
- 10 other department of the city, or to any other governmental agency,
- 11 for public ways, levees, sewerage, parks, playgrounds, schools,
- 12 and other public purposes, on any terms that may be agreed upon.
- 13 (4) Clear real property acquired for redevelopment purposes.
- 14 (5) Enter on or into, inspect, investigate, and assess real property
- 15 and structures acquired or to be acquired for redevelopment
- 16 purposes to determine the existence, source, nature, and extent of
- 17 any environmental contamination, including the following:
- 18 (A) Hazardous substances.
- 19 (B) Petroleum.
- 20 (C) Other pollutants.
- 21 (6) Remediate environmental contamination, including the
- 22 following, found on any real property or structures acquired for
- 23 redevelopment purposes:
- 24 (A) Hazardous substances.
- 25 (B) Petroleum.
- 26 (C) Other pollutants.
- 27 (7) Repair and maintain:
- 28 (A) structures acquired or to be acquired for redevelopment
- 29 purposes; **and**
- 30 **(B) on an ongoing basis, any:**
- 31 **(i) public ways; and**
- 32 **(ii) sewers, central water systems, central sewer systems,**
- 33 **roads, sidewalks, and levees;**
- 34 **that are located in an allocation area and that were funded**
- 35 **in whole or in part with tax proceeds allocated to the**
- 36 **redevelopment district.**
- 37 (8) Enter upon, survey, or examine any land, to determine whether
- 38 it should be included within an area needing redevelopment to be
- 39 acquired for redevelopment purposes, and determine the value of
- 40 that land.
- 41 (9) Appear before any other department or agency of the city, or
- 42 before any other governmental agency in respect to any matter



- 1 affecting:
- 2 (A) real property acquired or being acquired for
- 3 redevelopment purposes; or
- 4 (B) any area needing redevelopment within the jurisdiction of
- 5 the commission.
- 6 (10) Subject to section 13 of this chapter, exercise the power of
- 7 eminent domain in the name of the city, within the redevelopment
- 8 district, in the manner prescribed by this chapter.
- 9 (11) Establish a uniform fee schedule whenever appropriate for
- 10 the performance of governmental assistance, or for providing
- 11 materials and supplies to private persons in project or program
- 12 related activities.
- 13 (12) Expend, on behalf of the redevelopment district, all or any
- 14 part of the money available for the purposes of this chapter.
- 15 (13) Contract for the construction, extension, or improvement of
- 16 pedestrian skyways.
- 17 (14) Accept loans, grants, and other forms of financial assistance
- 18 from the federal government, the state government, a municipal
- 19 corporation, a special taxing district, a foundation, or any other
- 20 source.
- 21 (15) Provide financial assistance (including grants and loans) to
- 22 enable individuals and families to purchase or lease residential
- 23 units in a multiple unit residential structure within the district.
- 24 However, financial assistance may be provided only to those
- 25 individuals and families whose income is at or below the county's
- 26 median income for individuals and families, respectively.
- 27 (16) Provide financial assistance (including grants and loans) to
- 28 neighborhood development corporations to permit them to:
- 29 (A) provide financial assistance for the purposes described in
- 30 subdivision (15); or
- 31 (B) construct, rehabilitate, or repair commercial property
- 32 within the district.
- 33 (17) Require as a condition of financial assistance to the owner of
- 34 a multiple unit residential structure that any of the units leased by
- 35 the owner must be leased:
- 36 (A) for a period to be determined by the commission, which
- 37 may not be less than five (5) years;
- 38 (B) to families whose income does not exceed eighty percent
- 39 (80%) of the county's median income for families; and
- 40 (C) at an affordable rate.
- 41 Conditions imposed by the commission under this subdivision
- 42 remain in force throughout the period determined under clause



- 1 (A), even if the owner sells, leases, or conveys the property. The
- 2 subsequent owner or lessee is bound by the conditions for the
- 3 remainder of the period.
- 4 (18) Provide programs in job training, job enrichment, and basic
- 5 skill development for residents of an enterprise zone.
- 6 (19) Provide loans and grants for the purpose of stimulating
- 7 business activity in an enterprise zone or providing employment
- 8 for residents of an enterprise zone.
- 9 (20) Contract for the construction, extension, or improvement of:
- 10 (A) public ways, sidewalks, sewers, waterlines, parking
- 11 facilities, park or recreational areas, or other local public
- 12 improvements (as defined in IC 36-7-15.3-6) or structures that
- 13 are necessary for redevelopment of areas needing
- 14 redevelopment or economic development within the
- 15 redevelopment district; or
- 16 (B) any structure that enhances development or economic
- 17 development.
- 18 (21) This subdivision does not apply to a redevelopment
- 19 commission in a county for which the total amount of net property
- 20 taxes allocated to all allocation areas or other tax increment
- 21 financing areas established by a redevelopment commission,
- 22 military base reuse authority, military base development authority,
- 23 or another similar entity in the county in the preceding calendar
- 24 year exceeded nineteen percent (19%) of the total net property
- 25 taxes billed in the county in the preceding calendar year. Subject
- 26 to prior approval by the fiscal body of the unit that established the
- 27 redevelopment commission, expend money and provide financial
- 28 assistance (including grants and loans):
- 29 (A) in direct support of:
- 30 (i) an active military base located within the unit; or
- 31 (ii) an entity located in the territory or facilities of a military
- 32 base or former military base within the unit that is scheduled
- 33 for closing or is completely or partially inactive or closed, or
- 34 an entity that is located in any territory or facilities of the
- 35 United States Department of Defense within the unit that are
- 36 scheduled for closing or are completely or partially inactive
- 37 or closed;
- 38 including direct support for the promotion of the active
- 39 military base or entity, the growth of the active military base
- 40 or entity, and activities at the active military base or entity; and
- 41 (B) in support of any other entity that provides services or
- 42 direct support to an active military base or entity described in



- 1 clause (A).  
 2 The fiscal body of the unit that established the redevelopment  
 3 commission must separately approve each grant, loan, or other  
 4 expenditure for financial assistance under this subdivision. The  
 5 terms of any loan that is made under this subdivision may be  
 6 changed only if the change is approved by the fiscal body of the  
 7 unit that established the redevelopment commission. As used in  
 8 this subdivision, "active military base" has the meaning set forth  
 9 in IC 36-1-4-20.
- 10 (b) In addition to its powers under subsection (a), the commission  
 11 may plan and undertake, alone or in cooperation with other agencies,  
 12 projects for the redevelopment of, rehabilitating, preventing the spread  
 13 of, or eliminating slums or areas needing redevelopment, both  
 14 residential and nonresidential, which projects may include any of the  
 15 following:
- 16 (1) The repair or rehabilitation of buildings or other  
 17 improvements by the commission, owners, or tenants.
  - 18 (2) The acquisition of real property.
  - 19 (3) Either of the following with respect to environmental  
 20 contamination on real property:  
 21 (A) Investigation.  
 22 (B) Remediation.
  - 23 (4) The demolition and removal of buildings or improvements on  
 24 buildings acquired by the commission where necessary for any of  
 25 the following:  
 26 (A) To eliminate unhealthful, unsanitary, or unsafe conditions.  
 27 (B) To mitigate or eliminate environmental contamination.  
 28 (C) To lessen density.  
 29 (D) To reduce traffic hazards.  
 30 (E) To eliminate obsolete or other uses detrimental to public  
 31 welfare.  
 32 (F) To otherwise remove or prevent the conditions described  
 33 in IC 36-7-1-3.  
 34 (G) To provide land for needed public facilities.
  - 35 (5) The preparation of sites and the construction of improvements  
 36 (such as public ways and utility connections) to facilitate the sale  
 37 or lease of property.
  - 38 (6) The construction of buildings or facilities for residential,  
 39 commercial, industrial, public, or other uses.
  - 40 (7) The disposition in accordance with this chapter, for uses in  
 41 accordance with the plans for the projects, of any property  
 42 acquired in connection with the projects.



1 (c) The commission may use its powers under this chapter relative  
 2 to real property and interests in real property obtained by voluntary sale  
 3 or transfer, even though the real property and interests in real property  
 4 are not located in a redevelopment or urban renewal project area  
 5 established by the adoption and confirmation of a resolution under  
 6 sections 8(c), 9, 10, and 11 of this chapter. In acquiring real property  
 7 and interests in real property outside of a redevelopment or urban  
 8 renewal project area, the commission shall comply with section 12(b)  
 9 through 12(e) of this chapter. The commission shall hold, develop, use,  
 10 and dispose of this real property and interests in real property  
 11 substantially in accordance with section 15 of this chapter.

12 (d) As used in this section, "pedestrian skyway" means a pedestrian  
 13 walkway within or outside of the public right-of-way and through and  
 14 above public or private property and buildings, including all structural  
 15 supports required to connect skyways to buildings or buildings under  
 16 construction. Pedestrian skyways constructed, extended, or improved  
 17 over or through public or private property constitute public property  
 18 and public improvements, constitute a public use and purpose, and do  
 19 not require vacation of any public way or other property.

20 (e) All powers that may be exercised under this chapter by the  
 21 commission may also be exercised by the commission in carrying out  
 22 its duties and purposes under IC 36-7-15.3.

23 SECTION 4. IC 36-7-15.1-26, AS AMENDED BY P.L.86-2018,  
 24 SECTION 345, IS AMENDED TO READ AS FOLLOWS  
 25 [EFFECTIVE UPON PASSAGE]: Sec. 26. (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 resolution adopted under section  
 28 8 of this chapter refers for purposes of distribution and allocation of  
 29 property taxes.

30 "Base assessed value" means the following:

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

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

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



- 1 (2) If an allocation provision is adopted after June 30, 1997, in a
- 2 declaratory resolution or an amendment to a declaratory
- 3 resolution establishing a redevelopment project area:
- 4 (A) the net assessed value of all the property as finally
- 5 determined for the assessment date immediately preceding the
- 6 effective date of the allocation provision of the declaratory
- 7 resolution, as adjusted under subsection (h); plus
- 8 (B) to the extent that it is not included in clause (A), the net
- 9 assessed value of property that is assessed as residential
- 10 property under the rules of the department of local government
- 11 finance, as finally determined for any assessment date after the
- 12 effective date of the allocation provision.
- 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 26.2 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 resolution adopted under section 8 of this chapter on or before  
9 the allocation deadline determined under subsection (i) may include a  
10 provision with respect to the allocation and distribution of property  
11 taxes for the purposes and in the manner provided in this section. A  
12 resolution previously adopted may include an allocation provision by  
13 the amendment of that resolution on or before the allocation deadline  
14 determined under subsection (i) in accordance with the procedures  
15 required for its original adoption. A declaratory resolution or  
16 amendment that establishes an allocation provision must include a  
17 specific finding of fact, supported by evidence, that the adoption of the  
18 allocation provision will result in new property taxes in the area that  
19 would not have been generated but for the adoption of the allocation  
20 provision. For an allocation area established before July 1, 1995, the  
21 expiration date of any allocation provisions for the allocation area is  
22 June 30, 2025, or the last date of any obligations that are outstanding  
23 on July 1, 2015, whichever is later. However, for an allocation area  
24 identified as the Consolidated Allocation Area in the report submitted  
25 in 2013 to the fiscal body under section 36.3 of this chapter, the  
26 expiration date of any allocation provisions for the allocation area is  
27 January 1, 2051. A declaratory resolution or an amendment that  
28 establishes an allocation provision after June 30, 1995, must specify an  
29 expiration date for the allocation provision. For an allocation area  
30 established before July 1, 2008, the expiration date may not be more  
31 than thirty (30) years after the date on which the allocation provision  
32 is established. For an allocation area established after June 30, 2008,  
33 the expiration date may not be more than twenty-five (25) years after  
34 the date on which the first obligation was incurred to pay principal and  
35 interest on bonds or lease rentals on leases payable from tax increment  
36 revenues. However, with respect to bonds or other obligations that were  
37 issued before July 1, 2008, if any of the bonds or other obligations that  
38 were scheduled when issued to mature before the specified expiration  
39 date and that are payable only from allocated tax proceeds with respect  
40 to the allocation area remain outstanding as of the expiration date, the  
41 allocation provision does not expire until all of the bonds or other  
42 obligations are no longer outstanding. The allocation provision may



1 apply to all or part of the redevelopment project area. The allocation  
 2 provision must require that any property taxes subsequently levied by  
 3 or for the benefit of any public body entitled to a distribution of  
 4 property taxes on taxable property in the allocation area be allocated  
 5 and distributed as follows:

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

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

11 (B) the base assessed value;

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

14 (2) 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 subdivision (1) shall be allocated to and, when collected, paid  
 20 into the funds of the taxing unit for which the referendum or local  
 21 public question was conducted.

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

28 (A) Pay the principal of and interest on any obligations  
 29 payable solely from allocated tax proceeds that are incurred by  
 30 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 19 of this chapter.

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

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





- 1 payable solely or in part from allocated tax proceeds in that  
 2 allocation area.
- 3 (F) Make payments on leases payable from allocated tax  
 4 proceeds in that allocation area under section 17.1 of this  
 5 chapter.
- 6 (G) Reimburse the consolidated city for expenditures for local  
 7 public improvements (which include buildings, parking  
 8 facilities, and other items set forth in section 17 of this  
 9 chapter) that are physically located in or physically connected  
 10 to that allocation area.
- 11 (H) Reimburse the unit for rentals paid by it for a building or  
 12 parking facility that is physically located in or physically  
 13 connected to that allocation area under any lease entered into  
 14 under IC 36-1-10.
- 15 (I) Reimburse public and private entities for expenses incurred  
 16 in training employees of industrial facilities that are located:  
 17 (i) in the allocation area; and  
 18 (ii) on a parcel of real property that has been classified as  
 19 industrial property under the rules of the department of local  
 20 government finance.
- 21 However, the total amount of money spent for this purpose in  
 22 any year may not exceed the total amount of money in the  
 23 allocation fund that is attributable to property taxes paid by the  
 24 industrial facilities described in this clause. The  
 25 reimbursements under this clause must be made within three  
 26 (3) years after the date on which the investments that are the  
 27 basis for the increment financing are made.
- 28 **(J) Pay expenses incurred by the redevelopment**  
 29 **commission, or reimburse the unit for expenditures made**  
 30 **by it, for ongoing maintenance and repair of:**  
 31 **(i) public ways; and**  
 32 **(ii) sewers, central water systems, central sewer systems,**  
 33 **roads, sidewalks, and levees;**  
 34 **that are located in an allocation area and that were funded**  
 35 **in whole or in part with tax proceeds allocated to the**  
 36 **redevelopment district. However, the total amount of**  
 37 **money spent for purposes described in this clause may not**  
 38 **exceed fifteen percent (15%) of the total amount of tax**  
 39 **proceeds allocated to the special fund of the redevelopment**  
 40 **district in the fiscal year immediately preceding the fiscal**  
 41 **year in which the expenditure or reimbursement is made.**  
 42 **(K) Pay the costs of carrying out an eligible efficiency**



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

- 7 (i) Make, when due, any payments required under clauses
- 8 (A) through ~~(I)~~ (J), including any payments of principal and
- 9 interest on bonds and other obligations payable under this
- 10 subdivision, any payments of premiums under this
- 11 subdivision on the redemption before maturity of bonds, and
- 12 any payments on leases payable under this subdivision.
- 13 (ii) Make any reimbursements required under this
- 14 subdivision.
- 15 (iii) Pay any expenses required under this subdivision.
- 16 (iv) Establish, augment, or restore any debt service reserve
- 17 under this subdivision.

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

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

22 (4) Before June 15 of each year, the commission shall do the  
 23 following:

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

33 (B) Provide a written notice to the county auditor, the  
 34 legislative body of the consolidated city, the officers who are  
 35 authorized to fix budgets, tax rates, and tax levies under  
 36 IC 6-1.1-17-5 for each of the other taxing units that is wholly  
 37 or partly located within the allocation area, and (in an  
 38 electronic format) the department of local government finance.

39 The notice must:

- 40 (i) state the amount, if any, of excess assessed value that the
- 41 commission has determined may be allocated to the
- 42 respective taxing units in the manner prescribed in



- 1 subdivision (1); or  
 2 (ii) state that the commission has determined that there is no  
 3 excess assessed value that may be allocated to the respective  
 4 taxing units in the manner prescribed in subdivision (1).  
 5 The county auditor shall allocate to the respective taxing units  
 6 the amount, if any, of excess assessed value determined by the  
 7 commission. The commission may not authorize an allocation  
 8 to the respective taxing units under this subdivision if to do so  
 9 would endanger the interests of the holders of bonds described  
 10 in subdivision (3).  
 11 (C) If:  
 12 (i) the amount of excess assessed value determined by the  
 13 commission is expected to generate more than two hundred  
 14 percent (200%) of the amount of allocated tax proceeds  
 15 necessary to make, when due, principal and interest  
 16 payments on bonds described in subdivision (3); plus  
 17 (ii) the amount necessary for other purposes described in  
 18 subdivision (3) and subsection (g);  
 19 the commission shall submit to the legislative body of the unit  
 20 the commission's determination of the excess assessed value  
 21 that the commission proposes to allocate to the respective  
 22 taxing units in the manner prescribed in subdivision (1). The  
 23 legislative body of the unit may approve the commission's  
 24 determination or modify the amount of the excess assessed  
 25 value that will be allocated to the respective taxing units in the  
 26 manner prescribed in subdivision (1).  
 27 (c) For the purpose of allocating taxes levied by or for any taxing  
 28 unit or units, the assessed value of taxable property in a territory in the  
 29 allocation area that is annexed by any taxing unit after the effective  
 30 date of the allocation provision of the resolution is the lesser of:  
 31 (1) the assessed value of the property for the assessment date with  
 32 respect to which the allocation and distribution is made; or  
 33 (2) the base assessed value.  
 34 (d) Property tax proceeds allocable to the redevelopment district  
 35 under subsection (b)(3) may, subject to subsection (b)(4), be  
 36 irrevocably pledged by the redevelopment district for payment as set  
 37 forth in subsection (b)(3).  
 38 (e) Notwithstanding any other law, each assessor shall, upon  
 39 petition of the commission, reassess the taxable property situated upon  
 40 or in, or added to, the allocation area, effective on the next assessment  
 41 date after the petition.  
 42 (f) Notwithstanding any other law, the assessed value of all taxable



1 property in the allocation area, for purposes of tax limitation, property  
 2 tax replacement, and formulation of the budget, tax rate, and tax levy  
 3 for each political subdivision in which the property is located is the  
 4 lesser of:

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

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

- 28 (1) To pay for programs in job training, job enrichment, and basic  
 29 skill development designed to benefit residents and employers in the  
 30 enterprise zone. The programs must reserve at least one-half  
 31 (1/2) of the enrollment in any session for residents of the  
 32 enterprise zone.
- 33 (2) To make loans and grants for the purpose of stimulating  
 34 business activity in the enterprise zone or providing employment  
 35 for enterprise zone residents in the enterprise zone. These loans  
 36 and grants may be made to the following:
  - 37 (A) Businesses operating in the enterprise zone.
  - 38 (B) Businesses that will move their operations to the enterprise  
 39 zone if such a loan or grant is made.
- 40 (3) To provide funds to carry out other purposes specified in  
 41 subsection (b)(3). However, where reference is made in  
 42 subsection (b)(3) to the allocation area, the reference refers for



- 1 purposes of payments from the special zone fund only to that part  
 2 of the allocation area that is also located in 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 under a reassessment plan prepared under  
 7 IC 6-1.1-4-4.2, the department of local government finance shall adjust  
 8 the base assessed value one (1) time to neutralize any effect of the  
 9 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 to  
 13 neutralize any effect of the annual adjustment on the property tax  
 14 proceeds allocated to the redevelopment district under this section.  
 15 However, the adjustments under this subsection may not include the  
 16 effect of property tax abatements under IC 6-1.1-12.1, and these  
 17 adjustments may not produce less property tax proceeds allocable to  
 18 the redevelopment district under subsection (b)(3) than would  
 19 otherwise have been received if the reassessment under the  
 20 reassessment plan or annual adjustment had not occurred. The  
 21 department of local government finance may prescribe procedures for  
 22 county and township officials to follow to assist the department in  
 23 making the adjustments.
- 24 (i) The allocation deadline referred to in subsection (b) is  
 25 determined in the following manner:
- 26 (1) The initial allocation deadline is December 31, 2011.  
 27 (2) Subject to subdivision (3), the initial allocation deadline and  
 28 subsequent allocation deadlines are automatically extended in  
 29 increments of five (5) years, so that allocation deadlines  
 30 subsequent to the initial allocation deadline fall on December 31,  
 31 2016, and December 31 of each fifth year thereafter.  
 32 (3) At least one (1) year before the date of an allocation deadline  
 33 determined under subdivision (2), the general assembly may enact  
 34 a law that:  
 35 (A) terminates the automatic extension of allocation deadlines  
 36 under subdivision (2); and  
 37 (B) specifically designates a particular date as the final  
 38 allocation deadline.
- 39 **SECTION 5. An emergency is declared for this act.**



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 83, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, delete lines 21 through 22, begin a new line triple block indented and insert:

**"(ii) sewers, central water systems, central sewer systems, roads, sidewalks, and levees;"**.

Page 10, delete lines 9 through 10, begin a new line triple block indented and insert:

**"(ii) sewers, central water systems, central sewer systems, roads, sidewalks, and levees;"**.

Page 15, delete lines 32 through 33, begin a new line triple block indented and insert:

**"(ii) sewers, central water systems, central sewer systems, roads, sidewalks, and levees;"**.

Page 23, delete lines 32 through 33, begin a new line triple block indented and insert:

**"(ii) sewers, central water systems, central sewer systems, roads, sidewalks, and levees;"**.

and when so amended that said bill do pass.

(Reference is to SB 83 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 10, Nays 3.

