



January 31, 2017

SENATE BILL No. 85

DIGEST OF SB 85 (Updated January 26, 2017 9:36 am - DI 84)

Citations Affected: IC 36-7; IC 36-9.

Synopsis: Funding school transportation and public transit. Permits a redevelopment commission outside Marion County to provide revenue on an annual basis to a school corporation or public transportation corporation from property taxes allocated to the redevelopment commission in a tax increment financing allocation area. Specifies the amount of property taxes that may be transferred by the redevelopment commission. Requires a joint public hearing of the legislative body of the unit that established the tax increment financing area, the redevelopment commission, and the governing body of the school corporation or public transportation corporation and the adoption of substantially similar authorizing resolutions.

Effective: July 1, 2017.

**Brown L, Charbonneau, Bohacek,
Niezgodski, Mishler, Tallian,
Taylor G**

January 3, 2017, read first time and referred to Committee on Appropriations.
January 30, 2017, reported favorably — Do Pass.

SB 85—LS 6301/DI 58



January 31, 2017

First Regular Session 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

SENATE BILL No. 85

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

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

- 1 SECTION 1. IC 36-7-14-12.2, AS AMENDED BY P.L.95-2014,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 12.2. (a) The redevelopment commission may do
4 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,

SB 85—LS 6301/DI 58



- 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 structures acquired for redevelopment
 18 purposes.
 19 (8) Remodel, rebuild, enlarge, or make major structural
 20 improvements on structures acquired for redevelopment purposes.
 21 (9) Survey or examine any land to determine whether it should be
 22 included within an area needing redevelopment to be acquired for
 23 redevelopment purposes and to determine the value of that land.
 24 (10) Appear before any other department or agency of the unit, or
 25 before any other governmental agency in respect to any matter
 26 affecting:
 27 (A) real property acquired or being acquired for
 28 redevelopment purposes; or
 29 (B) any area needing redevelopment within the jurisdiction of
 30 the commissioners.
 31 (11) Institute or defend in the name of the unit any civil action.
 32 (12) Use any legal or equitable remedy that is necessary or
 33 considered proper to protect and enforce the rights of and perform
 34 the duties of the department of redevelopment.
 35 (13) Appoint an executive director, appraisers, real estate experts,
 36 engineers, architects, surveyors, and attorneys.
 37 (14) Appoint clerks, guards, laborers, and other employees the
 38 commission considers advisable, except that those appointments
 39 must be made in accordance with the merit system of the unit if
 40 such a system exists.
 41 (15) Prescribe the duties and regulate the compensation of
 42 employees of the department of redevelopment.



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



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



1 **adopted under section 39.7 of this chapter.**

2 **(29) Provide revenue to a public transportation corporation**
 3 **from property tax proceeds allocated under section 39 of this**
 4 **chapter as specified in a resolution adopted under section 39.4**
 5 **of this chapter.**

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

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

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

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

27 SECTION 2. IC 36-7-14-39, AS AMENDED BY THE
 28 TECHNICAL CORRECTIONS BILL OF THE 2017 GENERAL
 29 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2017]: Sec. 39. (a) As used in this section:

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

35 "Base assessed value" means the following:

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

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



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



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

13 (b) A declaratory resolution adopted under section 15 of this chapter
14 on or before the allocation deadline determined under subsection (i)
15 may include a provision with respect to the allocation and distribution
16 of property taxes for the purposes and in the manner provided in this
17 section. A declaratory resolution previously adopted may include an
18 allocation provision by the amendment of that declaratory resolution on
19 or before the allocation deadline determined under subsection (i) in
20 accordance with the procedures required for its original adoption. A
21 declaratory resolution or amendment that establishes an allocation
22 provision must include a specific finding of fact, supported by
23 evidence, that the adoption of the allocation provision will result in
24 new property taxes in the area that would not have been generated but
25 for the adoption of the allocation provision. For an allocation area
26 established before July 1, 1995, the expiration date of any allocation
27 provisions for the allocation area is June 30, 2025, or the last date of
28 any obligations that are outstanding on July 1, 2015, whichever is later.
29 A declaratory resolution or an amendment that establishes an allocation
30 provision after June 30, 1995, must specify an expiration date for the
31 allocation provision. For an allocation area established before July 1,
32 2008, the expiration date may not be more than thirty (30) years after
33 the date on which the allocation provision is established. For an
34 allocation area established after June 30, 2008, the expiration date may
35 not be more than twenty-five (25) years after the date on which the first
36 obligation was incurred to pay principal and interest on bonds or lease
37 rentals on leases payable from tax increment revenues. However, with
38 respect to bonds or other obligations that were issued before July 1,
39 2008, if any of the bonds or other obligations that were scheduled when
40 issued to mature before the specified expiration date and that are
41 payable only from allocated tax proceeds with respect to the allocation
42 area remain outstanding as of the expiration date, the allocation



1 provision does not expire until all of the bonds or other obligations are
 2 no longer outstanding. The allocation provision may apply to all or part
 3 of the redevelopment project area. The allocation provision must
 4 require that any property taxes subsequently levied by or for the benefit
 5 of any public body entitled to a distribution of property taxes on taxable
 6 property in the allocation area be allocated and distributed as follows:

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

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

11 or

12 (B) the base assessed value;

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

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

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

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

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

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

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



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

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.

The allocation fund may not be used for operating expenses of the



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



1 its determination of the excess assessed value that the
 2 commission proposes to allocate to the respective taxing units
 3 in the manner prescribed in subdivision (1). The legislative
 4 body of the unit may approve the commission's determination
 5 or modify the amount of the excess assessed value that will be
 6 allocated to the respective taxing units in the manner
 7 prescribed in subdivision (1).

8 **(5) A redevelopment district may provide, from property tax**
 9 **proceeds allocated to the redevelopment district under**
 10 **subdivision (3), revenue to a school corporation for deposit in**
 11 **the school corporation's transportation fund established**
 12 **under IC 20-40-6-4, as specified in a resolution adopted under**
 13 **section 39.7 of this chapter.**

14 **(6) A redevelopment district may provide, from property tax**
 15 **proceeds allocated to the redevelopment district under**
 16 **subdivision (3), revenue to a public transportation**
 17 **corporation, as specified in a resolution adopted under section**
 18 **39.4 of this chapter.**

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

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

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

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

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

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



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

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



1 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 2 the base assessed value one (1) time to neutralize any effect of the
 3 annual adjustment on the property tax proceeds allocated to the
 4 redevelopment district under this section. However, the adjustments
 5 under this subsection:

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

8 (2) may not produce less property tax proceeds allocable to the
 9 redevelopment district under subsection (b)(3) than would
 10 otherwise have been received if the general reassessment, the
 11 reassessment under the reassessment plan, or the annual
 12 adjustment had not occurred; and

13 (3) may decrease base assessed value only to the extent that
 14 assessed values in the allocation area have been decreased due to
 15 annual adjustments or the reassessment under the reassessment
 16 plan.

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

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

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

25 (2) Subject to subdivision (3), the initial allocation deadline and
 26 subsequent allocation deadlines are automatically extended in
 27 increments of five (5) years, so that allocation deadlines
 28 subsequent to the initial allocation deadline fall on December 31,
 29 2016, and December 31 of each fifth year thereafter.

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

33 (A) terminates the automatic extension of allocation deadlines
 34 under subdivision (2); and

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

37 SECTION 3. IC 36-7-14-39.4 IS ADDED TO THE INDIANA
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2017]: **Sec. 39.4. (a) A redevelopment**
 40 **commission may provide revenue on an annual basis to a public**
 41 **transportation corporation after complying with the requirements**
 42 **of this section.**



1 **(b) The governing body of a public transportation corporation**
2 **may adopt a resolution to request that a redevelopment**
3 **commission provide revenue for transportation from property tax**
4 **proceeds that are:**

5 **(1) received from taxpayers within an allocation area**
6 **established under this chapter;**

7 **(2) attributable to the territory of the public transportation**
8 **corporation; and**

9 **(3) allocated to the redevelopment commission under this**
10 **chapter.**

11 **(c) Upon receiving a request under subsection (b) from a public**
12 **transportation corporation, the redevelopment commission shall**
13 **inform the legislative body of the unit that established the**
14 **redevelopment commission that the request has been made. If the**
15 **legislative body of the unit, the redevelopment commission, and the**
16 **governing body of the public transportation corporation adopt**
17 **substantially similar resolutions setting forth the conditions for**
18 **providing the revenue, the redevelopment commission may provide**
19 **revenue to a public transportation corporation as specified in the**
20 **resolution. Such a resolution must set forth at least the following:**

21 **(1) The boundaries of the allocation area from which the**
22 **annual revenue from allocated property tax proceeds will be**
23 **provided.**

24 **(2) The boundaries of the territory of the public**
25 **transportation corporation that is within the allocation area.**

26 **(3) The first and last year that the revenue will be provided.**

27 **(4) The annual amount of revenue that will be provided as**
28 **determined under subsection (e).**

29 **(d) Before the legislative body of the unit or the redevelopment**
30 **commission may adopt a resolution under this section to provide**
31 **revenue to the public transportation corporation, the legislative**
32 **body of the unit, the redevelopment commission, and the governing**
33 **body of the public transportation corporation must hold a joint**
34 **public hearing. The proper officers of the unit, the redevelopment**
35 **commission, and the public transportation corporation must**
36 **jointly publish a single notice of the public hearing in accordance**
37 **with IC 5-3-1. The notice must specify that the purpose of the**
38 **hearing is to consider providing revenue to the public**
39 **transportation corporation from property tax proceeds allocated**
40 **to the redevelopment commission.**

41 **(e) The redevelopment commission shall make a determination**
42 **of how much annual revenue will be provided to the public**



1 transportation corporation and include a finding in a resolution
2 setting forth the basis for the determination.

3 (f) Any revenue provided under this section to a public
4 transportation corporation must be deposited in the unit's public
5 transportation corporation fund and must be used for public
6 transportation purposes.

7 SECTION 4. IC 36-7-14-39.7 IS ADDED TO THE INDIANA
8 CODE AS A NEW SECTION TO READ AS FOLLOWS
9 [EFFECTIVE JULY 1, 2017]: **Sec. 39.7. (a) The governing body of**
10 **a school corporation may adopt a resolution to request that a**
11 **redevelopment commission that has established an allocation area**
12 **under this chapter that includes any territory of the school**
13 **corporation provide revenue to the school corporation from**
14 **property tax proceeds allocated to the redevelopment commission**
15 **under this chapter.**

16 (b) A redevelopment commission may provide revenue to a
17 school corporation under this section only if the redevelopment
18 commission and the legislative body of the unit that established the
19 redevelopment commission adopt substantially similar resolutions
20 agreeing to provide the revenue to the school corporation. Such a
21 resolution must set forth at least the following:

22 (1) The boundaries of the allocation area from which the
23 annual revenue from allocated property tax proceeds will be
24 provided.

25 (2) The annual amount of revenue that will be provided,
26 which may not exceed the amount of property tax revenue
27 received by the redevelopment commission under this chapter
28 that is attributable to the school corporation's transportation
29 fund tax rate for the school corporation's transportation fund
30 under IC 20-40-6.

31 (3) The first and last year that the revenue will be provided.

32 (c) Before the legislative body of the unit or the redevelopment
33 commission may adopt a resolution under this section to provide
34 revenue to the school corporation, the legislative body of the unit
35 and the redevelopment commission must hold a joint public
36 hearing. The proper officers of the unit and the redevelopment
37 commission must publish a notice of the public hearing in
38 accordance with IC 5-3-1. The notice must specify that the purpose
39 of the hearing is to consider providing revenue to the school
40 corporation from property tax proceeds allocated to the
41 redevelopment commission.

42 (d) Any revenue provided to a school corporation under this



1 **section from property tax proceeds allocated to the redevelopment**
 2 **commission must be deposited in the school corporation's**
 3 **transportation fund and must be used for the purposes of the**
 4 **transportation fund.**

5 SECTION 5. IC 36-9-4-5 IS AMENDED TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) The municipal legislative
 7 body may furnish the urban mass transportation system with the
 8 financial assistance necessary to enable the system to provide adequate
 9 service within the municipality, if the legislative body finds:

10 (1) that the system is unable to render that service or that there is
 11 imminent danger that the system will be unable to render that
 12 service; and

13 (2) that the system is:

14 (A) necessary to relieve traffic congestion in the municipality;

15 (B) necessary for the proper use of the factories, stores,
 16 warehouses, offices, schools, recreational facilities, and other
 17 places where members of the general public congregate;

18 (C) necessary to expand the economic and social opportunities
 19 available to residents of the municipality, especially those who
 20 cannot freely move about without the services of the system;

21 (D) a substantial factor in maintaining real property values in
 22 the municipality; or

23 (E) a substantial factor in providing public housing,
 24 redevelopment of blighted areas, and publicly owned offstreet
 25 parking facilities.

26 (b) The municipal legislative body may furnish assistance under this
 27 section by:

28 (1) making grants to the system;

29 (2) purchasing buses or real property from the system or from any
 30 other source for lease to the system; ~~or~~

31 (3) making both grants and purchases; **or**

32 **(4) recommending the adoption of a resolution under**
 33 **IC 36-7-14-39.4 specifying that the municipality's**
 34 **redevelopment commission will provide revenue from**
 35 **allocated property tax proceeds to the public transportation**
 36 **corporation.**

37 SECTION 6. IC 36-9-4-42, AS AMENDED BY P.L.197-2016,
 38 SECTION 148, IS AMENDED TO READ AS FOLLOWS
 39 [EFFECTIVE JULY 1, 2017]: Sec. 42. (a) A municipality or a public
 40 transportation corporation that expends money for the establishment or
 41 maintenance of an urban mass transportation system under this chapter
 42 may acquire the money for these expenditures:



- 1 (1) by issuing bonds under section 43 or 44 of this chapter;
 2 (2) by borrowing money made available for such purposes by any
 3 source;
 4 (3) by accepting grants or contributions made available for such
 5 purposes by any source, **including revenue from allocated**
 6 **property tax proceeds that is provided by a municipality's**
 7 **redevelopment commission that has adopted a resolution**
 8 **under IC 36-7-14-39.4;**
 9 (4) in the case of a municipality, by appropriation from the
 10 general fund of the municipality, or from a special fund that the
 11 municipal legislative body includes in the municipality's budget;
 12 or
 13 (5) in the case of a public transportation corporation, by levying
 14 a tax under section 49 of this chapter or by recommending an
 15 election to use revenue from the local income tax, as provided in
 16 subsection (c).
- 17 (b) Money may be acquired under this section for the purpose of
 18 exercising any of the powers granted by or incidental to this chapter,
 19 including:
- 20 (1) studies under section 4, 9, or 11 of this chapter;
 21 (2) grants in aid;
 22 (3) the purchase of buses or real property by a municipality for
 23 lease to an urban mass transportation system, including the
 24 payment of any amount outstanding under a mortgage, contract of
 25 sale, or other security device that may attach to the buses or real
 26 property;
 27 (4) the acquisition by a public transportation corporation of
 28 property of an urban mass transportation system, including the
 29 payment of any amount outstanding under a mortgage, contract of
 30 sale, or other security device that may attach to the property;
 31 (5) the operation of an urban mass transportation system by a
 32 public transportation corporation, including the acquisition of
 33 additional property for such a system; and
 34 (6) the retirement of bonds issued and outstanding under this
 35 chapter.
- 36 (c) This subsection applies only to a public transportation
 37 corporation located in a county having a consolidated city. In order to
 38 provide revenue to a public transportation corporation during a year,
 39 the public transportation corporation board may recommend and the
 40 county fiscal body may elect to provide revenue to the corporation from
 41 part of the certified distribution, if any, that the county is to receive
 42 during that same year under IC 6-3.6-9. To make the election, the



1 county fiscal body must adopt an ordinance before November 1 of the
2 preceding year. The county fiscal body must specify in the ordinance
3 the amount of the certified distribution that is to be used to provide
4 revenue to the corporation. If such an ordinance is adopted, the county
5 fiscal body shall immediately send a copy of the ordinance to the
6 county auditor.



COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 85, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 85 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 1

