



January 29, 2025

SENATE BILL No. 104

DIGEST OF SB 104 (Updated January 28, 2025 11:50 am - DI 140)

Citations Affected: IC 36-7.

Synopsis: Residential tax increment financing. Provides, in the case of an allocation provision adopted after June 30, 2025, for a residential housing development program, that the redevelopment commission (commission) shall annually transfer at least 5% of the aggregate allocated tax proceeds from the allocation area to the general fund of the unit that established the commission to assist that unit in the payment of costs incurred for the provision of police, fire, and ambulance services within the allocation area.

Effective: July 1, 2025.

Niemeyer, Dernulc, Bohacek

January 8, 2025, read first time and referred to Committee on Tax and Fiscal Policy.
January 28, 2025, reported favorably — Do Pass.

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January 29, 2025

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

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2024 Regular Session of the General Assembly.

SENATE BILL No. 104

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 36-7-14-56, AS AMENDED BY P.L.236-2023,
- 2 SECTION 183, IS AMENDED TO READ AS FOLLOWS
- 3 [EFFECTIVE JULY 1, 2025]: Sec. 56. (a) This section applies only to
- 4 a residential housing development program authorized by section 53 of
- 5 this chapter.
- 6 (b) Notwithstanding section 39(a) of this chapter, with respect to the
- 7 allocation and distribution of property taxes for the accomplishment of
- 8 the purposes of a residential housing development program adopted
- 9 under section 53 of this chapter, "base assessed value" means the net
- 10 assessed value of all of the property, other than personal property, as
- 11 finally determined for the assessment date immediately preceding the
- 12 effective date of the allocation provision, as adjusted under section
- 13 39(h) of this chapter.
- 14 (c) **This subsection applies to an allocation provision adopted**
- 15 **after June 30, 2025, for a residential housing development program**
- 16 **adopted under section 53 of this chapter. An allocation provision**
- 17 **described in this subsection must provide that the commission shall**

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annually transfer at least five percent (5%) of the aggregate allocated tax proceeds from the allocation area to the general fund of the unit that established the commission to assist that unit in the payment of costs incurred for the provision of police, fire, and ambulance services within the allocation area.

(c) (d) The allocation fund established under section 39(b) of this chapter for the allocation area for a residential housing development program adopted under section 53 of this chapter may be used only for purposes related to the accomplishment of the purposes of the program, including, but not limited to, the following:

(1) The construction of any infrastructure (including streets, roads, and sidewalks) or local public improvements in, serving, or benefiting a residential housing development project.

(2) The acquisition of real property and interests in real property for rehabilitation purposes within the allocation area.

(3) The preparation of real property in anticipation of development of the real property within the allocation area.

(4) To do any of the following:

(A) Pay the principal of and interest on bonds or any other obligations payable from allocated tax proceeds in the allocation area that are incurred by the redevelopment district for the purpose of financing or refinancing the residential housing development program established under section 53 of this chapter for the allocation area.

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

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

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

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

(F) Make payments on leases payable from allocated tax proceeds in the allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by the unit for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this



chapter) that are physically located in or physically connected to the allocation area.

~~(d)~~ **(e)** Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for a residential housing development program adopted under section 53 of this chapter, do the following before June 15 of each year:

(1) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to:

(A) make the transfer required under subsection (c);
~~(A)~~ **(B)** make the distribution required under section 39(b)(2) and 39(b)(3) of this chapter;
~~(B)~~ **(C)** make, when due, principal and interest payments on bonds described in section 39(b)(4) of this chapter;
~~(C)~~ **(D)** pay the amount necessary for other purposes described in section 39(b)(4) of this chapter; and
~~(D)~~ **(E)** reimburse the county or municipality for anticipated expenditures described in subsection ~~(c)(2)~~: **(d)(2)**.

(2) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that are wholly or partly located within the allocation area, and (in an electronic format) the department of local government finance. The notice must:

(A) state the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter; or
(B) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission.

~~(e)~~ **(f)** If the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds:



1 (1) necessary to make, when due, principal and interest payments
 2 on bonds described in section 39(b)(4) of this chapter; plus
 3 (2) the amount necessary for other purposes described in section
 4 39(b)(4) of this chapter;
 5 the commission shall submit to the county or municipal legislative
 6 body its determination of the excess assessed value that the
 7 commission proposes to allocate to the respective taxing units in the
 8 manner prescribed in subsection ~~(d)(2)~~: **(e)(2)**. The county or municipal
 9 legislative body may approve the commission's determination or
 10 modify the amount of the excess assessed value that will be allocated
 11 to the respective taxing units in the manner prescribed in subsection
 12 ~~(d)(2)~~: **(e)(2)**.
 13 ~~(f)~~ **(g)** An allocation area must terminate on the date the residential
 14 housing development program is terminated as set forth in section
 15 53(e) of this chapter.



COMMITTEE REPORT

Mr. President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 104, 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 104 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 11, Nays 0

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