

SENATE BILL No. 406

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-14-3.5.

Synopsis: Overlapping allocation areas. Permits counties and municipalities in a case in which a municipality annexes an area in the county after the county has established a redevelopment district in that area to mutually approve the allocation of property tax proceeds derived from the municipality's component of the tax rate applied to the allocation area to be transferred to the redevelopment commission of the annexing municipality.

Effective: July 1, 2022.

Baldwin

January 12, 2022, read first time and referred to Committee on Tax and Fiscal Policy.



Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

SENATE BILL No. 406

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 36-7-14-3.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 3.5. (a) This section
3 applies whenever:
4 (1) a municipality with a redevelopment district is annexing an
5 area in a county; or
6 (2) a municipality establishes a redevelopment district;
7 after the county in which the municipality is located has established a
8 redevelopment district.
9 (b) This subsection applies whenever:
10 (1) the area to be annexed or to be included in the municipality's
11 district includes all or part of an allocation area established by a
12 county redevelopment commission for purposes of section 39 of
13 this chapter; and
14 (2) bonds or lease obligations are outstanding that are payable by
15 the county redevelopment commission in whole or in part from
16 property tax proceeds allocated from the allocation area under
17 section 39 of this chapter.



1 **Except as provided in subsection (d),** the county redevelopment
2 commission shall continue to receive allocations of property tax
3 proceeds from the area annexed or included in the municipality's
4 district for the commission's allocation fund as if the annexation or
5 establishment of the district had not occurred as long as any bonds or
6 lease obligations payable by the county from allocated property tax
7 proceeds are outstanding. After the final effectiveness of the
8 annexation or the establishment of the municipality's district, the
9 county redevelopment commission may not issue bonds or enter into
10 leases that are payable from allocated property tax proceeds from the
11 part of the allocation area annexed or included unless the legislative
12 body of the municipality adopts an ordinance approving the issuance
13 and this use of allocated property tax proceeds from that part of the
14 allocation area.

15 (c) This subsection applies whenever bonds or lease obligations are
16 outstanding that are payable by the county redevelopment commission
17 in whole or in part from the special tax levied under section 27 of this
18 chapter. The county redevelopment commission shall continue to levy
19 a special tax on property in the area annexed or included in the
20 municipality's district as long as any bonds or lease obligations payable
21 by the county are outstanding. After the final effectiveness of the
22 annexation or the establishment of the municipality's district, the
23 county redevelopment commission may not levy the special tax for new
24 bonds or lease obligations in the annexed or included area unless the
25 legislative body of the municipality adopts an ordinance approving the
26 levy.

27 **(d) Upon mutual approvals of the legislative bodies of the**
28 **annexing municipality and the county in which the allocation area**
29 **is located, in addition to the property tax proceeds received by the**
30 **county redevelopment commission pursuant to subsection (b),**
31 **property tax proceeds derived from the municipality's component**
32 **of the tax rate applied to incremental assessed value in excess of the**
33 **based assessed value in the county's allocation area shall be**
34 **allocated to the county's allocation fund, and these proceeds shall**
35 **be transferred by the county auditor directly to the redevelopment**
36 **commission of the annexing municipality and may be used by the**
37 **redevelopment commission for any purpose permitted under**
38 **section 39 of this chapter. The annexing municipality and the**
39 **county shall immediately notify the county auditor of any**
40 **agreement made pursuant to this subsection.**

