

SENATE BILL No. 408

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-1-14-10; IC 36-7-14.

Synopsis: Tax increment financing. Changes the nonvoting adviser of a redevelopment commission to a voting school liaison member (school liaison) beginning July 1, 2021. Requires the school liaison to be either: (1) a member of the school board of a corporation in the territory of the redevelopment commission; or (2) a teacher recommended by the school board. Provides that if the school liaison is a teacher, the school liaison is entitled to a salary, per diem, or reimbursement of expenses. Provides that if a person will receive tax increment financing assistance for the redevelopment of a property, a redevelopment commission is prohibited from entering into a redevelopment agreement for the property if the redevelopment commission or unit was assigned a purchase agreement for the property in the past 18 months. Requires a redevelopment commission to designate a percentage of the bond proceeds for bonds issued after June 30, 2021, for a redevelopment project area that will be redeveloped by a private enterprise, to be paid to a school corporation located within the redevelopment project area. Provides that for a tax increment financing allocation area established after July 1, 2021, the expiration date may not be more than 35 years after the date on which the allocation provision is established. Beginning July 1, 2021, requires a redevelopment commission and a private enterprise that enter into a redevelopment agreement that provides tax increment financing assistance to the private enterprise to also enter into a minimum tax payment agreement (agreement). Provides that an agreement must require a private enterprise to pay property taxes in an amount that is at least equal to the sum needed to make all payments that are due in
(Continued next page)

Effective: July 1, 2021.

Baldwin

January 19, 2021, read first time and referred to Committee on Tax and Fiscal Policy.



Digest Continued

the calendar year on obligations payable from the tax increment revenues used to finance the redevelopment of the allocation area. Requires the agreement to have a termination date. Makes conforming amendments.



Introduced

First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

SENATE BILL No. 408

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

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

1 SECTION 1. IC 5-1-14-10, AS AMENDED BY P.L.229-2011,
2 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2021]: Sec. 10. (a) If an issuer has issued obligations under a
4 statute that establishes a maximum term or repayment period for the
5 obligations, notwithstanding that statute, the issuer may continue to
6 make payments of principal, interest, or both, on the obligations after
7 the expiration of the term or period if principal or interest owed to
8 owners of the obligations remains unpaid.
9 (b) This section does not authorize the use of revenues or funds to
10 make payments of principal and interest other than those revenues or
11 funds that were pledged for the payments before the expiration of the
12 term or period.
13 (c) Except as otherwise provided by this section, IC 5-1-5-2.5,
14 IC 16-22-8-43, IC 36-7-12-27, IC 36-7-14-25.1, or IC 36-9-13-30 (but
15 only with respect to any bonds issued under IC 36-9-13-30 that are

2021

IN 408—LS 7039/DI 137



1 secured by a lease entered into by a political subdivision organized and
 2 existing under IC 16-22-8), the maximum term or repayment period for
 3 obligations ~~issued after June 30, 2008~~; that are wholly or partially
 4 payable from ad valorem property taxes, special benefit taxes on
 5 property, or tax increment revenues derived from property taxes may
 6 not exceed:

7 (1) the maximum applicable period under federal law, for
 8 obligations that are issued to evidence loans made or guaranteed
 9 by the federal government or a federal agency;

10 (2) **for obligations issued after June 30, 2008, and before July**
 11 **1, 2021**, twenty-five (25) years, for obligations that are wholly or
 12 partially payable from tax increment revenues derived from
 13 property taxes; ~~or~~

14 (3) **for obligations issued after June 30, 2021, thirty-five (35)**
 15 **years, for obligations that are wholly or partially payable**
 16 **from tax increment revenues derived from property taxes; or**
 17 ~~(3) (4)~~ (4) twenty (20) years, for obligations that are not described in
 18 subdivision (1), ~~or (2), or (3)~~, and are wholly or partially payable
 19 from ad valorem property taxes or special benefit taxes on
 20 property.

21 SECTION 2. IC 36-7-14-6.1, AS AMENDED BY P.L.55-2016,
 22 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2021]: Sec. 6.1. (a) The five (5) commissioners for a
 24 municipal redevelopment commission shall be appointed as follows:

25 (1) Three (3) shall be appointed by the municipal executive.

26 (2) Two (2) shall be appointed by the municipal legislative body.

27 The municipal executive shall also appoint an individual to serve as a
 28 ~~nonvoting adviser school liaison~~ **school liaison** to the redevelopment commission
 29 beginning ~~July 1, 2008~~: **July 1, 2021**.

30 (b) The commissioners for a county redevelopment commission that
 31 has five (5) members shall be appointed as follows:

32 (1) The county executive shall appoint all the members whose
 33 terms of office begin before January 1, 2008.

34 (2) For terms of office beginning after December 31, 2007, the
 35 county executive shall appoint three (3) members, and the county
 36 fiscal body shall appoint two (2) members.

37 The county executive shall also appoint an individual to serve as a
 38 ~~nonvoting adviser school liaison~~ **school liaison** to the redevelopment commission
 39 beginning ~~July 1, 2008~~: **July 1, 2021**.

40 (c) The commissioners for a county redevelopment commission that
 41 has seven (7) members shall be appointed as follows:

42 (1) The county executive shall appoint all the members whose



1 terms of office begin before January 1, 2008.

2 (2) For terms of office beginning after December 31, 2007, the
3 county executive shall appoint four (4) members, and the county
4 fiscal body shall appoint three (3) members.

5 The county executive shall also appoint an individual to serve as a
6 ~~nonvoting adviser school liaison~~ to the redevelopment commission
7 beginning ~~July 1, 2008~~ **July 1, 2021**.

8 (d) A ~~nonvoting adviser school liaison~~ appointed under this section:

9 (1) must also be a member of the school board of a school
10 corporation that includes all or part of the territory served by the
11 redevelopment commission or ~~an individual a teacher~~
12 recommended by the school board to the entity that appoints the
13 ~~nonvoting adviser; school liaison;~~

14 (2) is ~~not~~ considered a member of the redevelopment commission
15 for purposes of this chapter; ~~but is entitled to attend and~~
16 ~~participate in the proceedings of all meetings of the~~
17 ~~redevelopment commission;~~

18 (3) ~~if a member of a school board,~~ is not entitled to a salary, per
19 diem, or reimbursement of expenses;

20 (4) ~~if a teacher, is entitled to a salary, per diem, and~~
21 ~~reimbursement of expenses;~~

22 ~~(4) (5)~~ serves for a term of two (2) years and until a successor is
23 appointed; and

24 ~~(5) (6)~~ serves at the pleasure of the entity that appointed the
25 ~~nonvoting adviser; school liaison.~~

26 SECTION 3. IC 36-7-14-10, AS AMENDED BY P.L.146-2008,
27 SECTION 724, IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2021]: Sec. 10. (a) A redevelopment
29 commissioner or a ~~nonvoting adviser school liaison~~ appointed under
30 section 6.1 of this chapter may not have a pecuniary interest in any
31 contract, employment, purchase, or sale made under this chapter.
32 However, any property required for redevelopment purposes in which
33 a commissioner or ~~nonvoting adviser school liaison~~ has a pecuniary
34 interest may be acquired, but only by gift or condemnation.

35 (b) A transaction made in violation of this section is void.

36 SECTION 4. IC 36-7-14-19.6 IS ADDED TO THE INDIANA
37 CODE AS A NEW SECTION TO READ AS FOLLOWS
38 [EFFECTIVE JULY 1, 2021]: **Sec. 19.6. If a person will receive tax**
39 **increment finance assistance to redevelop a property, a**
40 **redevelopment commission may not enter into a redevelopment**
41 **agreement for the property if the redevelopment commission or**
42 **unit was assigned a purchase agreement for the property during**



1 **the past eighteen (18) months.**

2 SECTION 5. IC 36-7-14-25.1, AS AMENDED BY P.L.257-2019,
 3 SECTION 117, IS AMENDED TO READ AS FOLLOWS
 4 [EFFECTIVE JULY 1, 2021]: Sec. 25.1. (a) In addition to other
 5 methods of raising money for property acquisition or redevelopment in
 6 a redevelopment project area, and in anticipation of the special tax to
 7 be levied under section 27 of this chapter, the taxes allocated under
 8 section 39 of this chapter, or other revenues of the district, or any
 9 combination of these sources, the redevelopment commission may, by
 10 bond resolution and subject to subsections (c) and (p), issue the bonds
 11 of the special taxing district in the name of the unit. **For bonds issued**
 12 **before July 1, 2021**, the amount of the bonds may not exceed the total,
 13 as estimated by the commission, of all expenses reasonably incurred in
 14 connection with the acquisition and redevelopment of the property,
 15 including:

- 16 (1) the total cost of all land, rights-of-way, and other property to
 17 be acquired and redeveloped;
 18 (2) all reasonable and necessary architectural, engineering, legal,
 19 financing, accounting, advertising, bond discount, and
 20 supervisory expenses related to the acquisition and redevelopment
 21 of the property or the issuance of bonds;
 22 (3) capitalized interest permitted by this chapter and a debt
 23 service reserve for the bonds to the extent the redevelopment
 24 commission determines that a reserve is reasonably required; and
 25 (4) expenses that the redevelopment commission is required or
 26 permitted to pay under IC 8-23-17.

27 **For bonds issued for a redevelopment project area under this**
 28 **chapter after June 30, 2021, the amount of the bonds must account**
 29 **for a percentage of the bond proceeds to be paid to a school**
 30 **corporation in the redevelopment project area under section 25.6**
 31 **of this chapter.**

32 (b) If the redevelopment commission plans to acquire different
 33 parcels of land or let different contracts for redevelopment work at
 34 approximately the same time, whether under one (1) or more
 35 resolutions, the commission may provide for the total cost in one (1)
 36 issue of bonds.

37 (c) The legislative body of the unit must adopt a resolution that
 38 specifies the public purpose of the bond, the use of the bond proceeds
 39 **(including the percentage of the bond proceeds that will be paid to**
 40 **a school corporation under section 25.6 of this chapter)**, the
 41 maximum principal amount of the bond, the term of the bond, and the
 42 maximum interest rate or rates of the bond, any provision for



1 redemption before maturity, and any provision for the payment of
 2 capitalized interest. The bonds must be dated as set forth in the bond
 3 resolution and negotiable, subject to the requirements of the bond
 4 resolution for registering the bonds. The resolution authorizing the
 5 bonds must state:

- 6 (1) the denominations of the bonds;
 7 (2) the place or places at which the bonds are payable; and
 8 (3) the term of the bonds, which may not exceed:
 9 (A) fifty (50) years, for bonds issued before July 1, 2008;
 10 (B) thirty (30) years, for bonds issued after June 30, 2008, to
 11 finance:
 12 (i) an integrated coal gasification powerplant (as defined in
 13 IC 6-3.1-29-6);
 14 (ii) a part of an integrated coal gasification powerplant (as
 15 defined in IC 6-3.1-29-6); or
 16 (iii) property used in the operation or maintenance of an
 17 integrated coal gasification powerplant (as defined in
 18 IC 6-3.1-29-6);
 19 that received a certificate of public convenience and necessity
 20 from the Indiana utility regulatory commission under
 21 IC 8-1-8.5 et seq. before July 1, 2008;
 22 (C) thirty-five (35) years, for bonds issued after June 30, 2019,
 23 to finance a project that is located in a redevelopment project
 24 area, an economic development area, or an urban renewal
 25 project area and that includes, as part of the project, the use
 26 and repurposing of two (2) or more buildings and structures
 27 that are:
 28 (i) at least seventy-five (75) years old; and
 29 (ii) located at a site at which manufacturing previously
 30 occurred over a period of at least seventy-five (75) years; ~~or~~
 31 (D) twenty-five (25) years, for bonds issued after June 30,
 32 2008, **and before July 1, 2021**, that are not described in
 33 clause (B) or (C); **or**
 34 **(E) thirty-five (35) years, for bonds issued after June 30,**
 35 **2021, that are not described in clause (B) or (C).**

36 The bond resolution may also state that the bonds are redeemable
 37 before maturity with or without a premium, as determined by the
 38 redevelopment commission.

39 (d) The redevelopment commission shall certify a copy of the
 40 resolution authorizing the bonds to the municipal or county fiscal
 41 officer, who shall then prepare the bonds, subject to subsections (c) and
 42 (p). The seal of the unit must be impressed on the bonds, or a facsimile



- 1 of the seal must be printed on the bonds.
- 2 (e) The bonds must be executed by the appropriate officer of the
3 unit and attested by the municipal or county fiscal officer.
- 4 (f) The bonds are exempt from taxation for all purposes.
- 5 (g) The municipal or county fiscal officer shall give notice of the
6 sale of the bonds by publication in accordance with IC 5-3-1. The
7 municipal fiscal officer, or county fiscal officer or executive, shall sell
8 the bonds to the highest bidder, but may not sell them for less than
9 ninety-seven percent (97%) of their par value. However, bonds payable
10 solely or in part from tax proceeds allocated under section 39(b)(3) of
11 this chapter, or other revenues of the district may be sold at a private
12 negotiated sale.
- 13 (h) Except as provided in subsection (i), a redevelopment
14 commission may not issue the bonds when the total issue, including
15 bonds already issued and to be issued, exceeds two percent (2%) of the
16 adjusted value of the taxable property in the special taxing district, as
17 determined under IC 36-1-15.
- 18 (i) The bonds are not a corporate obligation of the unit but are an
19 indebtedness of the taxing district. The bonds and interest are payable,
20 as set forth in the bond resolution of the redevelopment commission:
- 21 (1) from a special tax levied upon all of the property in the taxing
22 district, as provided by section 27 of this chapter;
- 23 (2) from the tax proceeds allocated under section 39(b)(3) of this
24 chapter;
- 25 (3) from other revenues available to the redevelopment
26 commission; or
- 27 (4) from a combination of the methods stated in subdivisions (1)
28 through (3).
- 29 If the bonds are payable solely from the tax proceeds allocated under
30 section 39(b)(3) of this chapter, other revenues of the redevelopment
31 commission, or any combination of these sources, they may be issued
32 in any amount not to exceed the maximum amount approved by the
33 legislative body in the resolution described in subsection (c).
- 34 (j) Proceeds from the sale of bonds may be used to pay the cost of
35 interest on the bonds for a period not to exceed five (5) years from the
36 date of issuance.
- 37 (k) All laws relating to the giving of notice of the issuance of bonds,
38 the giving of notice of a hearing on the appropriation of the proceeds
39 of the bonds, the right of taxpayers to appear and be heard on the
40 proposed appropriation, and the approval of the appropriation by the
41 department of local government finance apply to all bonds issued under
42 this chapter that are payable from the special benefits tax levied



1 pursuant to section 27 of this chapter or from taxes allocated under
2 section 39 of this chapter.

3 (l) All laws relating to:

4 (1) the filing of petitions requesting the issuance of bonds; and

5 (2) the right of:

6 (A) taxpayers and voters to remonstrate against the issuance of
7 bonds in the case of a proposed bond issue described by
8 IC 6-1.1-20-3.1(a); or

9 (B) voters to vote on the issuance of bonds in the case of a
10 proposed bond issue described by IC 6-1.1-20-3.5(a);

11 apply to bonds issued under this chapter except for bonds payable
12 solely from tax proceeds allocated under section 39(b)(3) of this
13 chapter, other revenues of the redevelopment commission, or any
14 combination of these sources.

15 (m) If a debt service reserve is created from the proceeds of bonds,
16 the debt service reserve may be used to pay principal and interest on
17 the bonds as provided in the bond resolution.

18 (n) Any amount remaining in the debt service reserve after all of the
19 bonds of the issue for which the debt service reserve was established
20 have matured shall be:

21 (1) deposited in the allocation fund established under section
22 39(b)(3) of this chapter; and

23 (2) to the extent permitted by law, transferred to the county or
24 municipality that established the department of redevelopment for
25 use in reducing the county's or municipality's property tax levies
26 for debt service.

27 (o) If bonds are issued under this chapter that are payable solely or
28 in part from revenues to the redevelopment commission from a project
29 or projects, the redevelopment commission may adopt a resolution or
30 trust indenture or enter into covenants as is customary in the issuance
31 of revenue bonds. The resolution or trust indenture may pledge or
32 assign the revenues from the project or projects, but may not convey or
33 mortgage any project or parts of a project. The resolution or trust
34 indenture may also contain any provisions for protecting and enforcing
35 the rights and remedies of the bond owners as may be reasonable and
36 proper and not in violation of law, including covenants setting forth the
37 duties of the redevelopment commission. The redevelopment
38 commission may establish fees and charges for the use of any project
39 and covenant with the owners of any bonds to set those fees and
40 charges at a rate sufficient to protect the interest of the owners of the
41 bonds. Any revenue bonds issued by the redevelopment commission
42 that are payable solely from revenues of the commission shall contain



1 a statement to that effect in the form of bond.

2 (p) If the total principal amount of bonds authorized by a resolution
3 of the redevelopment commission adopted before July 1, 2008, is equal
4 to or greater than three million dollars (\$3,000,000), the bonds may not
5 be issued without the approval, by resolution, of the legislative body of
6 the unit. Bonds authorized in any principal amount by a resolution of
7 the redevelopment commission adopted after June 30, 2008, may not
8 be issued without the approval of the legislative body of the unit.

9 SECTION 6. IC 36-7-14-25.6 IS ADDED TO THE INDIANA
10 CODE AS A NEW SECTION TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2021]: **Sec. 25.6. (a) This section applies to**
12 **bonds issued after June 30, 2021, for redevelopment project areas**
13 **for which a private enterprise will receive tax increment financing**
14 **assistance.**

15 (b) As used in this section, "bond proceeds" means the amount
16 of bonds issued for a redevelopment project area minus any bond
17 issuance costs and reserve requirements.

18 (c) Before bond proceeds are paid to a private enterprise, a
19 redevelopment commission must designate and pay a percentage
20 of the bond proceeds for a redevelopment project area to a school
21 corporation located within the redevelopment project area. If there
22 is more than one (1) school corporation located within the
23 redevelopment project area, the percentage of the bond proceeds
24 must be divided equally among the school corporations.

25 (d) The designated percentage under subsection (c) must be:

26 (1) accounted for by a redevelopment commission when
27 determining the amount of a bond to be issued in the name of
28 a unit under section 25.1(a) of this chapter; and

29 (2) included in the bond resolution adopted by the legislative
30 body of the unit under section 25.1(c) of this chapter.

31 SECTION 7. IC 36-7-14-39, AS AMENDED BY P.L.156-2020,
32 SECTION 139, IS AMENDED TO READ AS FOLLOWS
33 [EFFECTIVE JULY 1, 2021]: Sec. 39. (a) As used in this section:

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

38 "Base assessed value" means, subject to subsection (j), the
39 following:

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



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



1 definition in subdivision (2) applies to the expanded part of the
2 area added after June 30, 1997.
3 Except as provided in section 39.3 of this chapter, "property taxes"
4 means taxes imposed under IC 6-1.1 on real property. However, upon
5 approval by a resolution of the redevelopment commission adopted
6 before June 1, 1987, "property taxes" also includes taxes imposed
7 under IC 6-1.1 on depreciable personal property. If a redevelopment
8 commission adopted before June 1, 1987, a resolution to include within
9 the definition of property taxes, taxes imposed under IC 6-1.1 on
10 depreciable personal property that has a useful life in excess of eight
11 (8) years, the commission may by resolution determine the percentage
12 of taxes imposed under IC 6-1.1 on all depreciable personal property
13 that will be included within the definition of property taxes. However,
14 the percentage included must not exceed twenty-five percent (25%) of
15 the taxes imposed under IC 6-1.1 on all depreciable personal property.
16 (b) A declaratory resolution adopted under section 15 of this chapter
17 on or before the allocation deadline determined under subsection (i)
18 may include a provision with respect to the allocation and distribution
19 of property taxes for the purposes and in the manner provided in this
20 section. A declaratory resolution previously adopted may include an
21 allocation provision by the amendment of that declaratory resolution on
22 or before the allocation deadline determined under subsection (i) in
23 accordance with the procedures required for its original adoption. A
24 declaratory resolution or amendment that establishes an allocation
25 provision must include a specific finding of fact, supported by
26 evidence, that the adoption of the allocation provision will result in
27 new property taxes in the area that would not have been generated but
28 for the adoption of the allocation provision. For an allocation area
29 established before July 1, 1995, the expiration date of any allocation
30 provisions for the allocation area is June 30, 2025, or the last date of
31 any obligations that are outstanding on July 1, 2015, whichever is later.
32 A declaratory resolution or an amendment that establishes an allocation
33 provision after June 30, 1995, must specify an expiration date for the
34 allocation provision. For an allocation area established before July 1,
35 2008, the expiration date may not be more than thirty (30) years after
36 the date on which the allocation provision is established. For an
37 allocation area established after June 30, 2008, **and before July 1,**
38 **2021**, the expiration date may not be more than twenty-five (25) years
39 after the date on which the first obligation was incurred to pay principal
40 and interest on bonds or lease rentals on leases payable from tax
41 increment revenues. However, with respect to bonds or other
42 obligations that were issued before July 1, 2008, if any of the bonds or



1 other obligations that were scheduled when issued to mature before the
 2 specified expiration date and that are payable only from allocated tax
 3 proceeds with respect to the allocation area remain outstanding as of
 4 the expiration date, the allocation provision does not expire until all of
 5 the bonds or other obligations are no longer outstanding. **For an**
 6 **allocation area established after June 30, 2021, the expiration date**
 7 **may not be more than thirty-five (35) years after the date on which**
 8 **the allocation provision is established.** Notwithstanding any other
 9 law, in the case of an allocation area that is established after June 30,
 10 2019, and that is located in a redevelopment project area described in
 11 section 25.1(c)(3)(C) of this chapter, an economic development area
 12 described in section 25.1(c)(3)(C) of this chapter, or an urban renewal
 13 project area described in section 25.1(c)(3)(C) of this chapter, the
 14 expiration date of the allocation provision may not be more than
 15 thirty-five (35) years after the date on which the allocation provision is
 16 established. The allocation provision may apply to all or part of the
 17 redevelopment project area. The allocation provision must require that
 18 any property taxes subsequently levied by or for the benefit of any
 19 public body entitled to a distribution of property taxes on taxable
 20 property in the allocation area be allocated and distributed as follows:

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

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

26 (B) the base assessed value;

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

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

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



- 1 (A) Pay the principal of and interest on any obligations
 2 payable solely from allocated tax proceeds which are incurred
 3 by the redevelopment district for the purpose of financing or
 4 refinancing the redevelopment of that allocation area.
- 5 (B) Establish, augment, or restore the debt service reserve for
 6 bonds payable solely or in part from allocated tax proceeds in
 7 that allocation area.
- 8 (C) Pay the principal of and interest on bonds payable from
 9 allocated tax proceeds in that allocation area and from the
 10 special tax levied under section 27 of this chapter.
- 11 (D) Pay the principal of and interest on bonds issued by the
 12 unit to pay for local public improvements that are physically
 13 located in or physically connected to that allocation area.
- 14 (E) Pay premiums on the redemption before maturity of bonds
 15 payable solely or in part from allocated tax proceeds in that
 16 allocation area.
- 17 (F) Make payments on leases payable from allocated tax
 18 proceeds in that allocation area under section 25.2 of this
 19 chapter.
- 20 (G) Reimburse the unit for expenditures made by it for local
 21 public improvements (which include buildings, parking
 22 facilities, and other items described in section 25.1(a) of this
 23 chapter) that are physically located in or physically connected
 24 to that allocation area.
- 25 (H) Reimburse the unit for rentals paid by it for a building or
 26 parking facility that is physically located in or physically
 27 connected to that allocation area under any lease entered into
 28 under IC 36-1-10.
- 29 (I) For property taxes first due and payable before January 1,
 30 2009, pay all or a part of a property tax replacement credit to
 31 taxpayers in an allocation area as determined by the
 32 redevelopment commission. This credit equals the amount
 33 determined under the following STEPS for each taxpayer in a
 34 taxing district (as defined in IC 6-1.1-1-20) that contains all or
 35 part of the allocation area:
- 36 STEP ONE: Determine that part of the sum of the amounts
 37 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 38 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 39 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to
 40 the taxing district.
- 41 STEP TWO: Divide:
- 42 (i) that part of each county's eligible property tax



1 replacement amount (as defined in IC 6-1.1-21-2 (before its
2 repeal)) for that year as determined under IC 6-1.1-21-4
3 (before its repeal) that is attributable to the taxing district;
4 by

5 (ii) the STEP ONE sum.

6 STEP THREE: Multiply:

7 (i) the STEP TWO quotient; times

8 (ii) the total amount of the taxpayer's taxes (as defined in
9 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
10 that have been allocated during that year to an allocation
11 fund under this section.

12 If not all the taxpayers in an allocation area receive the credit
13 in full, each taxpayer in the allocation area is entitled to
14 receive the same proportion of the credit. A taxpayer may not
15 receive a credit under this section and a credit under section
16 39.5 of this chapter (before its repeal) in the same year.

17 (J) Pay expenses incurred by the redevelopment commission
18 for local public improvements that are in the allocation area or
19 serving the allocation area. Public improvements include
20 buildings, parking facilities, and other items described in
21 section 25.1(a) of this chapter.

22 (K) Reimburse public and private entities for expenses
23 incurred in training employees of industrial facilities that are
24 located:

25 (i) in the allocation area; and

26 (ii) on a parcel of real property that has been classified as
27 industrial property under the rules of the department of local
28 government finance.

29 However, the total amount of money spent for this purpose in
30 any year may not exceed the total amount of money in the
31 allocation fund that is attributable to property taxes paid by the
32 industrial facilities described in this clause. The
33 reimbursements under this clause must be made within three
34 (3) years after the date on which the investments that are the
35 basis for the increment financing are made.

36 (L) Pay the costs of carrying out an eligible efficiency project
37 (as defined in IC 36-9-41-1.5) within the unit that established
38 the redevelopment commission. However, property tax
39 proceeds may be used under this clause to pay the costs of
40 carrying out an eligible efficiency project only if those
41 property tax proceeds exceed the amount necessary to do the
42 following:



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



1 commission. The commission may not authorize an allocation
 2 of assessed value to the respective taxing units under this
 3 subdivision if to do so would endanger the interests of the
 4 holders of bonds described in subdivision (3) or lessors under
 5 section 25.3 of this chapter.

6 (C) If:

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

12 (ii) the amount necessary for other purposes described in
 13 subdivision (3);

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

22 (5) Notwithstanding subdivision (4), in the case of an allocation
 23 area that is established after June 30, 2019, and that is located in
 24 a redevelopment project area described in section 25.1(c)(3)(C)
 25 of this chapter, an economic development area described in
 26 section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 27 area described in section 25.1(c)(3)(C) of this chapter, for each
 28 year the allocation provision is in effect, if the amount of excess
 29 assessed value determined by the commission under subdivision
 30 (4)(A) is expected to generate more than two hundred percent
 31 (200%) of:

32 (A) the amount of allocated tax proceeds necessary to make,
 33 when due, principal and interest payments on bonds described
 34 in subdivision (3) for the project; plus

35 (B) the amount necessary for other purposes described in
 36 subdivision (3) for the project;

37 the amount of the excess assessed value that generates more than
 38 two hundred percent (200%) of the amounts described in clauses
 39 (A) and (B) shall be allocated to the respective taxing units in the
 40 manner prescribed by subdivision (1).

41 (c) For the purpose of allocating taxes levied by or for any taxing
 42 unit or units, the assessed value of taxable property in a territory in the



1 allocation area that is annexed by any taxing unit after the effective
2 date of the allocation provision of the declaratory resolution is the
3 lesser of:

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

7 (d) Property tax proceeds allocable to the redevelopment district
8 under subsection (b)(3) may, subject to subsection (b)(4), be
9 irrevocably pledged by the redevelopment district for payment as set
10 forth in subsection (b)(3).

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

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

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

23 (g) If any part of the allocation area is located in an enterprise zone
24 created under IC 5-28-15, the unit that designated the allocation area
25 shall create funds as specified in this subsection. A unit that has
26 obligations, bonds, or leases payable from allocated tax proceeds under
27 subsection (b)(3) shall establish an allocation fund for the purposes
28 specified in subsection (b)(3) and a special zone fund. Such a unit
29 shall, until the end of the enterprise zone phase out period, deposit each
30 year in the special zone fund any amount in the allocation fund derived
31 from property tax proceeds in excess of those described in subsection
32 (b)(1) and (b)(2) from property located in the enterprise zone that
33 exceeds the amount sufficient for the purposes specified in subsection
34 (b)(3) for the year. The amount sufficient for purposes specified in
35 subsection (b)(3) for the year shall be determined based on the pro rata
36 portion of such current property tax proceeds from the part of the
37 enterprise zone that is within the allocation area as compared to all
38 such current property tax proceeds derived from the allocation area. A
39 unit that has no obligations, bonds, or leases payable from allocated tax
40 proceeds under subsection (b)(3) shall establish a special zone fund
41 and deposit all the property tax proceeds in excess of those described
42 in subsection (b)(1) and (b)(2) in the fund derived from property tax



1 proceeds in excess of those described in subsection (b)(1) and (b)(2)
 2 from property located in the enterprise zone. The unit that creates the
 3 special zone fund shall use the fund (based on the recommendations of
 4 the urban enterprise association) for programs in job training, job
 5 enrichment, and basic skill development that are designed to benefit
 6 residents and employers in the enterprise zone or other purposes
 7 specified in subsection (b)(3), except that where reference is made in
 8 subsection (b)(3) to allocation area it shall refer for purposes of
 9 payments from the special zone fund only to that part of the allocation
 10 area that is also located in the enterprise zone. Those programs shall
 11 reserve at least one-half (1/2) of their enrollment in any session for
 12 residents of the enterprise zone.

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

- 26 (1) may not include the effect of phasing in assessed value due to
- 27 property tax abatements under IC 6-1.1-12.1;
- 28 (2) may not produce less property tax proceeds allocable to the
- 29 redevelopment district under subsection (b)(3) than would
- 30 otherwise have been received if the reassessment under the
- 31 reassessment plan or the annual adjustment had not occurred; and
- 32 (3) may decrease base assessed value only to the extent that
- 33 assessed values in the allocation area have been decreased due to
- 34 annual adjustments or the reassessment under the reassessment
- 35 plan.

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

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



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

2 (2) Subject to subdivision (3), the initial allocation deadline and
3 subsequent allocation deadlines are automatically extended in
4 increments of five (5) years, so that allocation deadlines
5 subsequent to the initial allocation deadline fall on December 31,
6 2016, and December 31 of each fifth year thereafter.

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

10 (A) terminates the automatic extension of allocation deadlines
11 under subdivision (2); and

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

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

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

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

26 SECTION 8. IC 36-7-14-39.7 IS ADDED TO THE INDIANA
27 CODE AS A NEW SECTION TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2021]: **Sec. 39.7. (a) This section applies to**
29 **redevelopment agreements entered into between a redevelopment**
30 **commission and a private enterprise after June 30, 2021, that**
31 **provide tax increment financing assistance to the private enterprise**
32 **under this chapter.**

33 (b) As used in this section, "minimum tax amount" means the
34 amount necessary to make all payments that are due in the next
35 taxable year on obligations payable from tax increment revenues
36 used to finance or refinance development in the allocation area.

37 (c) As used in this section, "minimum tax payment agreement"
38 means an agreement entered into between a redevelopment
39 commission and a private enterprise under subsection (d).

40 (d) A redevelopment commission and a private enterprise must
41 enter into a written agreement that requires the private enterprise
42 to pay property taxes in an amount that is not less than the



- 1 **minimum tax amount for the allocation area.**
- 2 **(e) The minimum tax amount must be calculated by the**
- 3 **redevelopment commission every calendar year on the schedule**
- 4 **prescribed by the department of local government finance. The**
- 5 **redevelopment commission must notify the private enterprise of**
- 6 **the minimum tax amount.**
- 7 **(f) A minimum tax payment agreement must have a specified**
- 8 **termination date, which may not be later than the date of full and**
- 9 **final payment of the obligations associated with the allocation area.**
- 10 **(g) This section does not prohibit a private enterprise from**
- 11 **seeking administrative or judicial remedies to reduce the assessed**
- 12 **value of property subject to a minimum tax payment agreement,**
- 13 **so long as the private enterprise makes payment to the**
- 14 **redevelopment commission in an amount not less than the**
- 15 **minimum tax amount for that taxable year.**

