

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

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

SENATE ENROLLED ACT No. 566

AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 36-7-14-0.5, AS ADDED BY P.L.149-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 0.5. (a) The definitions in this section apply throughout this chapter.

(b) "Obligation" means any bond, note, warrant, lease, or other instrument under which money is borrowed.

(c) "Public funds" means all fees, payments, tax receipts, and funds of whatever kind or character coming into the possession of a:

- (1) redevelopment commission; or
- (2) department of redevelopment.

(d) "**Residential housing**" means **housing or workforce housing that consists of single family dwelling units sufficient to secure quality housing in reasonable proximity to employment.**

(e) "**Residential housing development program**" means a **residential housing development program for the:**

- (1) **construction of new residential housing; or**
- (2) **renovation of existing residential housing;**

established by a commission under section 53 of this chapter.

(f) "**Workforce housing**" means **housing that is affordable for households with earned income that is sufficient to secure quality housing in reasonable proximity to employment.**

SECTION 2. IC 36-7-14-53 IS ADDED TO THE INDIANA CODE

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AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 53. (a) Subject to subsection (g), a commission may establish a residential housing development program by resolution for the construction of new residential housing or the renovation of existing residential housing if:**

(1) for a commission established by a county, the average of new, single family residential houses constructed in the unincorporated area of the county during the preceding three (3) calendar years is less than one percent (1%) of the total number of single family residential houses within the unincorporated area of the county on January 1 of the year in which the resolution is adopted; or

(2) for a commission established by a municipality, the average of new, single family residential houses constructed within the municipal boundaries during the preceding three (3) calendar years is less than one percent (1%) of the total number of single family residential houses within the boundaries of the municipality on January 1 of the year in which the resolution is adopted.

(b) The program, which may include any relevant elements the commission considers appropriate, may be adopted as part of a redevelopment plan or amendment to a redevelopment plan, and must establish an allocation area for purposes of sections 39 and 56 of this chapter for the accomplishment of the program. The program must be approved by the municipal legislative body or county executive as specified in section 17 of this chapter.

(c) The notice and hearing provisions of sections 17 and 17.5 of this chapter, including notice under section 17(c) of this chapter to a taxing unit that is wholly or partly located within an allocation area, apply to the resolution adopted under subsection (b). Judicial review of the resolution may be made under section 18 of this chapter.

(d) Before formal submission of any residential housing development program to the commission, the department of redevelopment shall:

(1) consult with persons interested in or affected by the proposed program;

(2) provide the affected neighborhood associations, residents, and township assessors with an adequate opportunity to participate in an advisory role in planning, implementing, and evaluating the proposed program; and

(3) hold public meetings in the affected neighborhood to



obtain the views of neighborhood associations and residents.

(e) A residential housing development program established under this section must terminate not later than twenty (20) years after the date the program is established under subsection (b).

(f) The department of local government finance, in cooperation with either the appropriate county agency or the appropriate municipal agency, or both, shall determine whether a county or municipality meets the requirements under subsection (a). A county or municipality may request from the department of local government finance a report, if it exists, describing the effect of current assessed value allocated to tax increment financing allocation areas on the amount of the tax levy or proceeds and the credit for excessive property taxes under IC 6-1.1-20.6 for the taxing units within the boundaries of the residential housing development program.

(g) A program established under subsection (a) may not take effect until the governing body of each school corporation affected by the program passes a resolution approving the program.

SECTION 3. IC 36-7-14-54 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 54. (a) This section applies only to a residential housing development program authorized by section 53 of this chapter.

(b) Except as provided in subsections (c) and (d), all the rights, powers, privileges, and immunities that may be exercised by the commission in blighted, deteriorated, or deteriorating areas may be exercised by the commission in implementing its program for a residential housing development, including the following:

(1) The special tax levied in accordance with section 27 of this chapter may be used to accomplish the purposes of the residential housing development program.

(2) Bonds may be issued under this chapter to accomplish the residential housing development program, but only one (1) issue of bonds may be issued and payable from increments in any allocation area except for refunding bonds or bonds issued in an amount necessary to complete a residential housing development program for which bonds were previously issued.

(3) Leases may be entered into under this chapter to accomplish the residential housing development program.

(4) The tax exemptions set forth in section 37 of this chapter are applicable.



(5) Property taxes may be allocated under section 39 of this chapter.

(c) A commission may not exercise the power of eminent domain in implementing its residential housing development program.

(d) A commission may not enter into lease financing or bond financing unless the commission first obtains approval of the county or municipal legislative body.

(e) The residential housing in a residential housing development program may not be encumbered, used as collateral, subjected to a monetary assessment, or otherwise restricted in any way in order to provide security for repayment of a bond that is issued or a lease that is entered into for or in connection with the residential housing development program, including any:

- (1) lien;**
- (2) mortgage;**
- (3) covenant;**
- (4) special assessment; or**
- (5) restriction on a homeowner's right to appeal a property tax assessment or other property tax issue affecting a homeowner's liability for property taxes.**

SECTION 4. IC 36-7-14-55 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 55. (a) This section applies only to a residential housing development program authorized by section 53 of this chapter.**

(b) The commission must make the following findings in the resolution adopting a residential housing development program under section 53 of this chapter:

- (1) The public health and welfare will be benefited by accomplishment of the program.**
- (2) The accomplishment of the program will be of public utility and benefit as measured by:**
 - (A) the provision of adequate residential housing;**
 - (B) an increase in the property tax base; or**
 - (C) other similar public benefits.**

SECTION 5. IC 36-7-14-56 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: **Sec. 56. (a) This section applies only to a residential housing development program authorized by section 53 of this chapter.**

(b) Notwithstanding section 39(a) of this chapter, with respect to the allocation and distribution of property taxes for the



accomplishment of the purposes of a residential housing development program adopted under section 53 of this chapter, "base assessed value" means the net assessed value of all of the property, other than personal property, as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 39(h) of this chapter.

(c) 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) 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 distribution required under section 39(b)(2) of this chapter;

(B) make, when due, principal and interest payments on bonds described in section 39(b)(3) of this chapter;

(C) pay the amount necessary for other purposes described in section 39(b)(3) of this chapter; and

(D) reimburse the county or municipality for anticipated expenditures described in subsection (c)(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) 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) necessary to make, when due, principal and interest payments on bonds described in 39(b)(3) of this chapter; plus**
- (2) the amount necessary for other purposes described in 39(b)(3) of this chapter;**

the commission shall submit to the county or municipal legislative body its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subsection (d)(2). The county or municipal legislative body may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subsection (d)(2).

(f) An allocation area must terminate on the date the residential housing development program is terminated as set forth in section 53(e) of this chapter.



President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Governor of the State of Indiana

Date: _____ Time: _____

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