



Reprinted
March 5, 1999

HOUSE BILL No. 1554

DIGEST OF HB 1554 (Updated March 4, 1999 1:04 pm - DI 73)

Citations Affected: IC 4-4; IC 6-1.1; IC 6-3.1; IC 6-3.5; IC 8-22; IC 36-7; noncode.

Synopsis: Tax abatement; research and development incentives. Expands the definition of what expenditures are covered under the Indiana development finance authority law. Provides that property tax abatement deductions may be granted for any number of years less than or equal to ten years. (Current law limits the abatement deduction to three, six, or ten years for real property and five or ten years for personal property.) Provides that certain research and development equipment is eligible for property tax abatement deductions. Allows the abatement deduction for research and development equipment only if the equipment is used in a research and development facility engaged in activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products. Provides
(Continued next page)

Effective: January 1, 1999 (retroactive); upon passage; July 1, 1999; March 1, 2001.

**Bauer, Bottorff, Hasler, Yount,
Scholer**

January 19, 1999, read first time and referred to Committee on Ways and Means.
February 25, 1999, amended, reported — Do Pass.
March 4, 1999, read second time, amended, ordered engrossed.

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that the research expense credit against gross income taxes, adjusted gross income taxes, and supplemental corporate net income taxes expires on December 31, 2004 (instead of December 31, 1999). Increases the maximum amount of the research expense credit from 5% to 6%. Requires that tax increment financing allocation provisions established after June 30, 1999, must expire within 30 years. Requires that tax increment financing allocation provisions established before July 1, 1999, must expire no later than the latest date that bonds outstanding on July 1, 1999, are scheduled to be retired. Provides that the total property tax abatement deductions for residentially distressed areas in Center Township of Marion County may not exceed one-third of the assessed valuation of the residential property in the township. Provides that if Clark County adopts an economic development income tax, the town of Clarksville may use the portion of tax revenues that it receives to provide grants to an employer meeting certain conditions for the retention of employees. Provides that the Clarksville town council shall review grant applications in the manner that the economic development for a growing economy (E.D.G.E.) board reviews applications for E.D.G.E. tax credits.

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March 5, 1999

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

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HOUSE BILL No. 1554

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and finance.

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

1 SECTION 1. IC 4-4-10.9-6.2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a)
3 "Educational facility project" includes:
4 (1) the acquisition of land, site improvements, infrastructure
5 improvements, buildings, or structures, the rehabilitation,
6 renovation, and enlargement of buildings and structures,
7 machinery, equipment, furnishings, or facilities (or any
8 combination of these):
9 (†) (A) comprising or being functionally related and
10 subordinate to any aquaria, botanical societies, historical
11 societies, libraries, museums, performing arts associations or
12 societies, scientific societies, zoological societies, and
13 independent elementary, secondary, or postsecondary schools
14 (or any combination of these) that engages in the cultural,
15 intellectual, scientific, educational, or artistic enrichment of

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1 the people of the state the development or expansion of which
 2 serves the purposes set forth in IC 4-4-11-2;

3 ~~(2)~~ (B) is not used or to be used primarily for sectarian
 4 instruction or study or as a place for devotional activities; and
 5 ~~(3)~~ (C) is not used or to be used primarily in connection with
 6 any part of the program of a school or department of divinity
 7 for any religious denomination.

8 **(2) funding (including reimbursement or refinancing) by a**
 9 **nonprofit organization described in subsection (b) of:**

10 **(A) real property and improvements;**

11 **(B) personal property; or**

12 **(C) non-capital costs to fund a judgment, settlement, or**
 13 **other cost or liability, other than an ordinary and**
 14 **recurring operating cost or expenditure.**

15 **(b) For purposes of subsection (a)(2), a nonprofit organization**
 16 **must be:**

17 **(1) qualified as tax-exempt under Section 501(c)(3) of the**
 18 **Internal Revenue Code; and**

19 **(2) have headquarters or a primary educational or exhibit**
 20 **facility located on property owned by or titled in the name of**
 21 **the state of Indiana or an agency, commission, or**
 22 **instrumentality of the state of Indiana that serves the**
 23 **purposes set forth in IC 4-4-11-2.**

24 SECTION 2. IC 4-4-11-2 IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The legislature makes the
 26 following findings of fact:

27 (1) That there currently exists in certain areas of the state critical
 28 conditions of unemployment or environmental pollution,
 29 including water pollution, air pollution, sewage and solid waste,
 30 radioactive waste, thermal pollution, radiation contamination, and
 31 noise pollution, and that these conditions may well exist, from
 32 time to time, in other areas of the state.

33 (2) That in some areas of the state such conditions are chronic and
 34 of long standing and that without remedial measures they may
 35 become so in other areas of the state.

36 (3) That economic insecurity due to unemployment or
 37 environmental pollution is a menace to the health, safety, morals,
 38 and general welfare of not only the people of the affected areas
 39 but of the people of the entire state.

40 (4) That involuntary unemployment and its resulting burden of
 41 indigency falls with crushing force upon the unemployed worker
 42 and ultimately upon the state in the form of public assistance and

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- 1 unemployment compensation.
- 2 (5) That security against unemployment and the resulting spread
- 3 of indigency and economic stagnation in the areas affected can
- 4 best be provided by:
- 5 (A) the promotion, attraction, stimulation, rehabilitation, and
- 6 revitalization of industrial development projects, rural
- 7 development projects, mining operations, and agricultural
- 8 operations that involve the processing of agricultural products;
- 9 (B) the promotion and stimulation of international exports; and
- 10 (C) the education, both formal and informal, of people of all
- 11 ages throughout the state by the promotion, attraction,
- 12 construction, renovation, rehabilitation, and revitalization of
- 13 **and assistance to** educational facility projects.
- 14 (6) That the present and prospective health, safety, morals, right
- 15 to gainful employment, and general welfare of the people of the
- 16 state require as a public purpose the abatement or control of
- 17 pollution, the promotion of increased educational enrichment
- 18 (including cultural, intellectual, scientific, or artistic
- 19 opportunities) for people of all ages through new, expanded, or
- 20 revitalized educational facility projects **or through assisting**
- 21 **educational facility projects**, and the promotion of employment
- 22 creation or retention through development of new and expanded
- 23 industrial development projects, rural development projects,
- 24 mining operations, and agricultural operations that involve the
- 25 processing of agricultural products.
- 26 (7) That there is a need to stimulate a larger flow of private
- 27 investment funds from commercial banks, investment bankers,
- 28 insurance companies, other financial institutions, and individuals
- 29 into such industrial development projects, rural development
- 30 projects, mining operations, international exports, and agricultural
- 31 operations that involve the processing of agricultural products in
- 32 the state.
- 33 (8) That the authority can encourage the making of loans or leases
- 34 for creation or expansion of industrial development projects, rural
- 35 development projects, mining operations, international exports,
- 36 and agricultural operations that involve the processing of
- 37 agricultural products, thus putting a larger portion of the private
- 38 capital available in Indiana for investment to use in the general
- 39 economic development of the state.
- 40 (9) That the issuance of bonds of the authority to create a
- 41 financing pool for industrial development projects promoting a
- 42 substantial likelihood of opportunities for:

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- 1 (A) gainful employment;
- 2 (B) business opportunities;
- 3 (C) educational enrichment (including cultural, intellectual,
- 4 scientific, or artistic opportunities);
- 5 (D) the abatement, reduction, or prevention of pollution; or
- 6 (E) the removal or treatment of any substances in materials
- 7 being processed that otherwise would cause pollution when
- 8 used;

9 will improve the health, safety, morals, and general welfare of the
 10 people of the state and constitutes a public purpose for which the
 11 authority shall exist and operate.

12 (10) That the issuance of bonds of the authority to create a
 13 funding source for the making of guaranteed participating loans
 14 will promote and encourage an expanding international exports
 15 market and international exports sales and will promote the
 16 general welfare of all of the people of Indiana by assisting Indiana
 17 businesses through stimulation of the expansion of international
 18 exports sales for Indiana products and services, especially those
 19 of small and medium-sized businesses, by providing financial
 20 assistance through the authority.

21 (b) The Indiana development finance authority shall exist and
 22 operate for the public purposes of:

23 (1) promoting opportunities for gainful employment and business
 24 opportunities by the promotion and development of industrial
 25 development projects, rural development projects, mining
 26 operations, international exports, and agricultural operations that
 27 involve the processing of agricultural products, in any areas of the
 28 state;

29 (2) promoting the educational enrichment (including cultural,
 30 intellectual, scientific, or artistic opportunities) of all the people
 31 of the state by the promotion ~~and~~, development, **and assistance**
 32 of educational facility projects;

33 (3) promoting affordable farm credit and agricultural loan
 34 financing at interest rates that are consistent with the needs of
 35 borrowers for farming and agricultural enterprises; and

36 (4) preventing and remediating environmental pollution,
 37 including water pollution, air pollution, sewage and solid waste
 38 disposal, radioactive waste, thermal pollution, radiation
 39 contamination, and noise pollution affecting the health and well
 40 being of the people of the state by the promotion and development
 41 of industrial development projects.

42 SECTION 3. IC 4-4-11-15 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The
2 authority is granted all powers necessary or appropriate to carry out and
3 effectuate its public and corporate purposes under this chapter,
4 IC 4-4-21, and IC 15-7-5, including but not limited to the following:

5 (1) Have perpetual succession as a body politic and corporate and
6 an independent instrumentality exercising essential public
7 functions.

8 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
9 bylaws, rules, and regulations not inconsistent with this chapter,
10 IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate
11 its affairs and to carry into effect the powers, duties, and purposes
12 of the authority and conduct its business.

13 (3) Sue and be sued in its own name.

14 (4) Have an official seal and alter it at will.

15 (5) Maintain an office or offices at a place or places within the
16 state as it may designate.

17 (6) Make and execute contracts and all other instruments
18 necessary or convenient for the performance of its duties and the
19 exercise of its powers and functions under this chapter, IC 4-4-21,
20 and IC 15-7-5.

21 (7) Employ architects, engineers, attorneys, inspectors,
22 accountants, agriculture experts, silviculture experts, aquaculture
23 experts, and financial experts, and such other advisors,
24 consultants, and agents as may be necessary in its judgment and
25 to fix their compensation.

26 (8) Procure insurance against any loss in connection with its
27 property and other assets, including loans and loan notes in
28 amounts and from insurers as it may consider advisable.

29 (9) Borrow money, make guaranties, issue bonds, and otherwise
30 incur indebtedness for any of the authority's purposes, and issue
31 debentures, notes, or other evidences of indebtedness, whether
32 secured or unsecured, to any person, as provided by this chapter,
33 IC 4-4-21, and IC 15-7-5.

34 (10) Procure insurance or guaranties from any public or private
35 entities, including any department, agency, or instrumentality of
36 the United States, for payment of any bonds issued by the
37 authority or for reinsurance on amounts paid from the industrial
38 development project guaranty fund, including the power to pay
39 premiums on any insurance or reinsurance.

40 (11) Purchase, receive, take by grant, gift, devise, bequest, or
41 otherwise, and accept, from any source, aid or contributions of
42 money, property, labor, or other things of value to be held, used,



1 and applied to carry out the purposes of this chapter, IC 4-4-21,
2 and IC 15-7-5, subject to the conditions upon which the grants or
3 contributions are made, including but not limited to gifts or grants
4 from any department, agency, or instrumentality of the United
5 States, and lease or otherwise acquire, own, hold, improve,
6 employ, use, and otherwise deal in and with real or personal
7 property or any interest in real or personal property, wherever
8 situated, for any purpose consistent with this chapter, IC 4-4-21,
9 or IC 15-7-5.

10 (12) Enter into agreements with any department, agency, or
11 instrumentality of the United States or this state and with lenders
12 and enter into loan agreements, sales contracts, and leases with
13 contracting parties, including borrowers, lenders, developers, or
14 users, for the purpose of planning, regulating, and providing for
15 the financing and refinancing of any agricultural enterprise (as
16 defined in IC 15-7-4.9-2), rural development project (as defined
17 in IC 15-7-4.9-19.5), industrial development project, or
18 international exports, and distribute data and information
19 concerning the encouragement and improvement of agricultural
20 enterprises and agricultural employment, rural development
21 projects, industrial development projects, international exports,
22 and other types of employment in the state undertaken with the
23 assistance of the authority under this chapter.

24 (13) Enter into contracts or agreements with lenders and lessors
25 for the servicing and processing of loans and leases pursuant to
26 this chapter, IC 4-4-21, and IC 15-7-5.

27 (14) Provide technical assistance to local public bodies and to
28 profit and nonprofit entities in the development or operation of
29 agricultural enterprises, rural development projects, and industrial
30 development projects.

31 (15) To the extent permitted under its contract with the holders of
32 the bonds of the authority, consent to any modification with
33 respect to the rate of interest, time, and payment of any
34 installment of principal or interest, or any other term of any
35 contract, loan, loan note, loan note commitment, contract, lease,
36 or agreement of any kind to which the authority is a party.

37 (16) To the extent permitted under its contract with the holders of
38 bonds of the authority, enter into contracts with any lender
39 containing provisions enabling it to reduce the rental or carrying
40 charges to persons unable to pay the regular schedule of charges
41 when, by reason of other income or payment by any department,
42 agency, or instrumentality of the United States of America or of

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- 1 this state, the reduction can be made without jeopardizing the
2 economic stability of the agricultural enterprise, rural
3 development project, or industrial development project being
4 financed.
- 5 (17) Invest any funds not needed for immediate disbursement,
6 including any funds held in reserve, in direct and general
7 obligations of or obligations fully and unconditionally guaranteed
8 by the United States, obligations issued by agencies of the United
9 States, obligations of this state, or any obligations or securities
10 which may from time to time be legally purchased by
11 governmental subdivisions of this state pursuant to IC 5-13, or
12 any obligations or securities which are permitted investments for
13 bond proceeds or any construction, debt service, or reserve funds
14 secured under the trust indenture or resolution pursuant to which
15 bonds are issued.
- 16 (18) Collect fees and charges, as the authority determines to be
17 reasonable, in connection with its loans, guarantees, advances,
18 insurance, commitments, and servicing.
- 19 (19) Cooperate and exchange services, personnel, and information
20 with any federal, state, or local government agency, or
21 instrumentality of the United States or this state.
- 22 (20) Sell, at public or private sale, with or without public bidding,
23 any loan or other obligation held by the authority.
- 24 (21) Enter into agreements concerning, and acquire, hold, and
25 dispose by any lawful means, land or interests in land, building
26 improvements, structures, personal property, franchises, patents,
27 accounts receivable, loans, assignments, guarantees, and
28 insurance needed for the purposes of this chapter, IC 4-4-21, or
29 IC 15-7-5.
- 30 (22) Take assignments of accounts receivable, loans, guarantees,
31 insurance, notes, mortgages, security agreements securing notes,
32 and other forms of security, attach, seize, or take title by
33 foreclosure or conveyance to any industrial development project
34 when a guaranteed loan thereon is clearly in default and when in
35 the opinion of the authority such acquisition is necessary to
36 safeguard the industrial development project guaranty fund, and
37 sell, or on a temporary basis, lease, or rent such industrial
38 development project for any use.
- 39 (23) Expend money, as the authority considers appropriate, from
40 the industrial development project guaranty fund created by
41 section 16 of this chapter.
- 42 (24) Purchase, lease as lessee, construct, remodel, rebuild,

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- 1 enlarge, or substantially improve industrial development projects,
 2 including land, machinery, equipment, or any combination
 3 thereof.
 4 (25) Lease industrial development projects to users or developers,
 5 with or without an option to purchase.
 6 (26) Sell industrial development projects to users or developers,
 7 for consideration to be paid in installments or otherwise.
 8 (27) Make direct loans from the proceeds of the bonds to users or
 9 developers for:
 10 (A) the cost of acquisition, construction, or installation of
 11 industrial development projects, including land, machinery,
 12 equipment, or any combination thereof; or
 13 (B) **eligible expenditures for an educational facility project**
 14 **described in IC 4-4-10.9-6.2(a)(2);**
 15 with the loans to be secured by the pledge of one (1) or more
 16 bonds, notes, warrants, or other secured or unsecured debt
 17 obligations of the users or developers.
 18 (28) Lend or deposit the proceeds of bonds to or with a lender for
 19 the purpose of furnishing funds to such lender to be used for
 20 making a loan to a developer or user for the financing of industrial
 21 development projects under this chapter.
 22 (29) Enter into agreements with users or developers to allow the
 23 users or developers, directly or as agents for the authority, to
 24 wholly or partially construct industrial development projects to be
 25 leased from or to be acquired by the authority.
 26 (30) Establish reserves from the proceeds of the sale of bonds,
 27 other funds, or both, in the amount determined to be necessary by
 28 the authority to secure the payment of the principal and interest on
 29 the bonds.
 30 (31) Adopt rules governing its activities authorized under this
 31 chapter, IC 4-4-21, and IC 15-7-5.
 32 (32) Use the proceeds of bonds to make guaranteed participating
 33 loans.
 34 (33) Purchase, discount, sell, and negotiate, with or without
 35 guaranty, notes and other evidences of indebtedness.
 36 (34) Sell and guarantee securities.
 37 (35) Make guaranteed participating loans under IC 4-4-21-26.
 38 (36) Procure insurance to guarantee, insure, coinsure, and
 39 reinsure against political and commercial risk of loss, and any
 40 other insurance the authority considers necessary, including
 41 insurance to secure the payment of principal and interest on notes
 42 or other obligations of the authority.

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- 1 (37) Provide performance bond guarantees to support eligible
2 export loan transactions, subject to the terms of this chapter or
3 IC 4-4-21.
- 4 (38) Provide financial counseling services to Indiana exporters.
- 5 (39) Accept gifts, grants, or loans from, and enter into contracts
6 or other transactions with, any federal or state agency,
7 municipality, private organization, or other source.
- 8 (40) Sell, convey, lease, exchange, transfer, or otherwise dispose
9 of property or any interest in property, wherever the property is
10 located.
- 11 (41) Cooperate with other public and private organizations to
12 promote export trade activities in Indiana.
- 13 (42) Make guarantees and administer the agricultural loan and
14 rural development project guarantee fund established by
15 IC 15-7-5.
- 16 (43) Take assignments of notes and mortgages and security
17 agreements securing notes and other forms of security, and attach,
18 seize, or take title by foreclosure or conveyance to any
19 agricultural enterprise or rural development project when a
20 guaranteed loan to the enterprise or rural development project is
21 clearly in default and when in the opinion of the authority the
22 acquisition is necessary to safeguard the agricultural loan and
23 rural development project guarantee fund, and sell, or on a
24 temporary basis, lease or rent the agricultural enterprise or rural
25 development project for any use.
- 26 (44) Expend money, as the authority considers appropriate, from
27 the agricultural loan and rural development project guarantee
28 fund created by IC 15-7-5-19.5.
- 29 (45) Reimburse from bond proceeds expenditures for industrial
30 development projects under this chapter.
- 31 (46) Do any act necessary or convenient to the exercise of the
32 powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or
33 reasonably implied from those statutes, including but not limited
34 to compliance with requirements of federal law imposed from
35 time to time for the issuance of bonds.
- 36 (b) The authority's powers under this chapter shall be interpreted
37 broadly to effectuate the purposes of this chapter and may not be
38 construed as a limitation of powers.
- 39 (c) This chapter does not authorize the financing of industrial
40 development projects for a developer unless any written agreement that
41 may exist between the developer and the user at the time of the bond
42 resolution is fully disclosed to and approved by the authority.



1 SECTION 4. IC 4-4-11-17 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The
 3 authority may enter into negotiations with one (1) or more persons
 4 concerning the terms and conditions of financing agreements for
 5 industrial development projects. The authority shall consider whether
 6 a proposed industrial development project may have an adverse
 7 competitive effect on similar industrial development projects already
 8 constructed or operating in the local governmental unit where the
 9 industrial development project will be located. Preliminary expenses
 10 in connection with negotiations under this section may be paid from:

- 11 (1) money furnished by the proposed user or developer;
- 12 (2) money made available by the state or federal government, or
 13 by any of their departments or agencies; or
- 14 (3) money of the authority, exclusive of the industrial
 15 development project guaranty fund.

16 (b) The authority shall prepare a report that:

- 17 (1) briefly describes the proposed industrial development project;
- 18 (2) estimates the number and expense of public works or services
 19 that would be made necessary or desirable by the proposed
 20 industrial development project, including public ways, schools,
 21 water, sewers, street lights, and fire protection;
- 22 (3) estimates the total costs of the proposed industrial
 23 development project;
- 24 (4) for an industrial development project that is not exclusively
 25 either a pollution control facility or an educational facility project,
 26 estimates the number of jobs and the payroll to be created or
 27 saved by the project;
- 28 (5) for pollution control facilities, describes the facilities and how
 29 they will abate, reduce, or prevent pollution; and
- 30 (6) for educational facility projects, describes ~~the facilities and~~
 31 how the ~~facilities promote~~ **project promotes** the educational
 32 enrichment (including cultural, intellectual, scientific, or artistic
 33 opportunities) of the people of the state.

34 The report shall be submitted to the executive director or chairman of
 35 the plan commission, if any, having jurisdiction over the industrial
 36 development project and, if the number of new jobs estimated exceeds
 37 one hundred (100), to the superintendent of the school corporation
 38 where the industrial development project will be located. The executive
 39 director or chairman of the plan commission and the school
 40 superintendent may formulate their written comments concerning the
 41 report and transmit their comments, if any, to the authority within five
 42 (5) days from the receipt of the report.



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1 (c) The authority shall hold a public hearing, which may be
 2 conducted by the authority, or any officer, member, or agent designated
 3 thereby, on the proposed financing agreement for the industrial
 4 development project, after giving notice by publication in one (1)
 5 newspaper of general circulation in the city, town, or county where the
 6 industrial development project is to be located at least ten (10) days in
 7 advance of this public hearing.

8 (d) If the authority finds that the industrial development project will
 9 be of benefit to the health, safety, morals, and general welfare of the
 10 area where the industrial development project is to be located, and
 11 complies with the purposes and provisions of this chapter, it may by
 12 resolution approve the proposed financing agreement. This resolution
 13 may also authorize the issuance of bonds payable solely from revenues
 14 and receipts derived from the financing agreement or from payments
 15 made under an agreement to guarantee obligations of the developer, a
 16 user, a related person, or the authority by a developer, a user, a related
 17 person thereto, or the authority pursuant to the industrial development
 18 project guaranty fund. The bonds are not in any respect a general
 19 obligation of the state, nor are they payable in any manner from
 20 revenues raised by taxation.

21 (e) A financing agreement approved under this section must provide
 22 for payments in an amount sufficient to pay the principal of, premium,
 23 if any, and interest on the bonds authorized for the financing of the
 24 industrial development project. However, interest payments for the
 25 anticipated construction period, plus a period of not more than one (1)
 26 year, may be funded in the bond issue. The term of a financing
 27 agreement may not exceed fifty (50) years from the date of any bonds
 28 issued under the financing agreement. However, a financing agreement
 29 does not terminate after fifty (50) years if a default under that financing
 30 agreement remains uncured, unless the termination is authorized by the
 31 terms of the financing agreement. If the authority retains an interest in
 32 the industrial development project, the financing agreement must
 33 require the user or the developer to pay all costs of maintenance, repair,
 34 taxes, assessments, insurance premiums, trustee's fees, and any other
 35 expenses relating to the industrial development projects, so that the
 36 authority will not incur any expenses on account of the industrial
 37 development projects other than those that are covered by the payments
 38 provided for in the financing agreement.

39 SECTION 5. IC 6-1.1-12.1-1 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. For purposes of this
 41 chapter:

42 (1) "Economic revitalization area" means an area which is within

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1 the corporate limits of a city, town, or county which has become
 2 undesirable for, or impossible of, normal development and
 3 occupancy because of a lack of development, cessation of growth,
 4 deterioration of improvements or character of occupancy, age,
 5 obsolescence, substandard buildings, or other factors which have
 6 impaired values or prevent a normal development of property or
 7 use of property. The term "economic revitalization area" also
 8 includes:

9 (A) any area where a facility or a group of facilities that are
 10 technologically, economically, or energy obsolete are located
 11 and where the obsolescence may lead to a decline in
 12 employment and tax revenues; and

13 (B) a residentially distressed area, except as otherwise
 14 provided in this chapter.

15 (2) "City" means any city in this state, and "town" means any town
 16 incorporated under IC 36-5-1.

17 (3) "New manufacturing equipment" means any tangible personal
 18 property which:

19 (A) was installed after February 28, 1983, and before January
 20 1, 2006, in an area that is declared an economic revitalization
 21 area after February 28, 1983, in which a deduction for tangible
 22 personal property is allowed; or

23 (B) is used in the direct production, manufacture, fabrication,
 24 assembly, extraction, mining, processing, refining, or finishing
 25 of other tangible personal property, including but not limited
 26 to use to dispose of solid waste or hazardous waste by
 27 converting the solid waste or hazardous waste into energy or
 28 other useful products; and

29 (C) was acquired by its owner for use as described in clause
 30 (B) and was never before used by its owner for any purpose in
 31 Indiana.

32 However, notwithstanding any other law, the term includes
 33 tangible personal property that is used to dispose of solid waste or
 34 hazardous waste by converting the solid waste or hazardous waste
 35 into energy or other useful products and was installed after March
 36 1, 1993, and before March 2, 1996, even if the property was
 37 installed before the area where the property is located was
 38 designated as an economic revitalization area or the statement of
 39 benefits for the property was approved by the designating body.

40 (4) "Property" means a building or structure, but does not include
 41 land.

42 (5) "Redevelopment" means the construction of new structures in

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1 economic revitalization areas, either:

2 (A) on unimproved real estate; or

3 (B) on real estate upon which a prior existing structure is
4 demolished to allow for a new construction.

5 (6) "Rehabilitation" means the remodeling, repair, or betterment
6 of property in any manner or any enlargement or extension of
7 property.

8 (7) "Designating body" means the following:

9 (A) For a county that does not contain a consolidated city, the
10 fiscal body of the county, city, or town.

11 (B) For a county containing a consolidated city, the
12 **city-county council. The legislative body may consider the**
13 **recommendation of the** metropolitan development
14 commission.

15 (8) "Deduction application" means either:

16 (A) the application filed in accordance with section 5 of this
17 chapter by a property owner who desires to obtain the
18 deduction provided by section 3 of this chapter; or

19 (B) the application filed in accordance with section 5.5 of this
20 chapter by a person who desires to obtain the deduction
21 provided by section 4.5 of this chapter.

22 (9) "Designation application" means an application that is filed
23 with a designating body to assist that body in making a
24 determination about whether a particular area should be
25 designated as an economic revitalization area.

26 (10) "Hazardous waste" has the meaning set forth in
27 IC 13-11-2-99(a). The term includes waste determined to be a
28 hazardous waste under IC 13-22-2-3(b).

29 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
30 However, the term does not include dead animals or any animal
31 solid or semisolid wastes.

32 (12) "New research and development equipment" means
33 **tangible personal property that:**

34 (A) **is installed after June 30, 1999, and before January 1,**
35 **2006, in an economic revitalization area in which a**
36 **deduction for tangible personal property is allowed;**

37 (B) **consists of:**

38 (i) **laboratory equipment;**

39 (ii) **research and development equipment;**

40 (iii) **computers and computer software;**

41 (iv) **telecommunications equipment; or**

42 (v) **testing equipment;**



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1 (C) is used in a research and development facility that is a
 2 separate facility engaged in activities devoted directly and
 3 exclusively to experimental or laboratory research and
 4 development for new products, new uses of existing
 5 products, or improving or testing existing products; and
 6 (D) is acquired by the property owner for the purposes
 7 described in this subdivision and was never before used by
 8 the owner for any purpose in Indiana.

9 The term does not include equipment installed in facilities
 10 used for or in connection with efficiency surveys, management
 11 studies, consumer surveys, economic surveys, advertising or
 12 promotion, or research in connection with literacy, history, or
 13 similar projects.

14 SECTION 6. IC 6-1.1-12.1-2 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) A designating
 16 body may find that a particular area within its jurisdiction is an
 17 economic revitalization area. However, the deduction provided by this
 18 chapter for economic revitalization areas not within a city or town shall
 19 not be available to retail businesses.

20 (b) ~~In~~ **Except as provided in subsection (m)**, in a county
 21 containing a consolidated city or within a city or town, a designating
 22 body may find that a particular area within its jurisdiction is a
 23 residentially distressed area. Designation of an area as a residentially
 24 distressed area has the same effect as designating an area as an
 25 economic revitalization area, except that the amount of the deduction
 26 shall be calculated as specified in section 4.1 of this chapter and the
 27 deduction is allowed for **not more than** five (5) years. In order to
 28 declare a particular area a residentially distressed area, the designating
 29 body must follow the same procedure that is required to designate an
 30 area as an economic revitalization area and must make all the following
 31 additional findings or all the additional findings described in
 32 subsection (c):

33 (1) The area is comprised of parcels that are either unimproved or
 34 contain only one (1) or two (2) family dwellings or multifamily
 35 dwellings designed for up to four (4) families, including accessory
 36 buildings for those dwellings.

37 (2) Any dwellings in the area are not permanently occupied and
 38 are:

39 (A) the subject of an order issued under IC 36-7-9; or

40 (B) evidencing significant building deficiencies.

41 (3) Parcels of property in the area:

42 (A) have been sold and not redeemed under IC 6-1.1-24 and

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IC 6-1.1-25; or
 (B) are owned by a unit of local government.
 However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection or one (1) of the additional findings described in subsection (c).
 (c) In a county containing a consolidated city or within a city or town, a designating body that wishes to designate a particular area a residentially distressed area may make the following additional findings as an alternative to the additional findings described in subsection (b):
 (1) A significant number of dwelling units within the area are not permanently occupied or a significant number of parcels in the area are vacant land.
 (2) A significant number of dwelling units within the area are:
 (A) the subject of an order issued under IC 36-7-9; or
 (B) evidencing significant building deficiencies.
 (3) The area has experienced a net loss in the number of dwelling units, as documented by census information, local building and demolition permits, or certificates of occupancy, or the area is owned by Indiana or the United States.
 (4) The area (plus any areas previously designated under this subsection) will not exceed ten percent (10%) of the total area within the designating body's jurisdiction.
 However, in a city in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), the designating body is only required to make one (1) of the additional findings described in this subsection as an alternative to one (1) of the additional findings described in subsection (b).
 (d) A designating body is required to attach the following conditions to the grant of a residentially distressed area designation:
 (1) The deduction will not be allowed unless the dwelling is rehabilitated to meet local code standards for habitability.
 (2) If a designation application is filed, the designating body may require that the redevelopment or rehabilitation be completed within a reasonable period of time.
 (e) To make a designation described in subsection (a) or (b), the designating body shall use procedures prescribed in section 2.5 of this chapter.
 (f) The property tax deductions provided by sections 3 and 4.5 of this chapter are only available for property and new manufacturing

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1 ~~equipment respectively~~, within an area which the designating body
2 finds to be an economic revitalization area.

3 (g) The designating body may adopt a resolution establishing
4 general standards to be used, along with the requirements set forth in
5 the definition of economic revitalization area, by the designating body
6 in finding an area to be an economic revitalization area. The standards
7 must have a reasonable relationship to the development objectives of
8 the area in which the designating body has jurisdiction. The following
9 three (3) sets of standards may be established:

10 (1) One (1) relative to the deduction under section 3 of this
11 chapter for economic revitalization areas that are not residentially
12 distressed areas.

13 (2) One (1) relative to the deduction under section 3 of this
14 chapter for residentially distressed areas.

15 (3) One (1) relative to the deduction allowed under section 4.5 of
16 this chapter.

17 (h) A designating body may impose a fee for filing a designation
18 application for a person requesting the designation of a particular area
19 as an economic revitalization area. The fee may be sufficient to defray
20 actual processing and administrative costs. However, the fee charged
21 for filing a designation application for a parcel that contains one (1) or
22 more owner-occupied, single-family dwellings may not exceed the cost
23 of publishing the required notice.

24 (i) In declaring an area an economic revitalization area, the
25 designating body may:

26 (1) limit the time period to a certain number of calendar years
27 during which the area shall be so designated;

28 (2) limit the type of deductions that will be allowed within the
29 economic revitalization area to either the deduction allowed under
30 section 3 of this chapter or the deduction allowed under section
31 4.5 of this chapter;

32 (3) limit the dollar amount of the deduction that will be allowed
33 with respect to new manufacturing equipment **and new research**
34 **and development equipment** if a deduction under this chapter
35 had not been filed before July 1, 1987, for that equipment;

36 (4) limit the dollar amount of the deduction that will be allowed
37 with respect to redevelopment and rehabilitation occurring in
38 areas that are designated as economic revitalization areas on or
39 after September 1, 1988; or

40 (5) impose reasonable conditions related to the purpose of this
41 chapter or to the general standards adopted under subsection (g)
42 for allowing the deduction for the redevelopment or rehabilitation

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1 of the property or the installation of the new manufacturing
 2 equipment **or new research and development equipment, or**
 3 **both.**

4 To exercise one (1) or more of these powers a designating body must
 5 include this fact in the resolution passed under section 2.5 of this
 6 chapter.

7 (j) Notwithstanding any other provision of this chapter, if a
 8 designating body limits the time period during which an area is an
 9 economic revitalization area, that limitation does not:

10 (1) prevent a taxpayer from obtaining a deduction for new
 11 manufacturing equipment **or new research and development**
 12 **equipment, or both**, installed before January 1, 2006, but after
 13 the expiration of the economic revitalization area if:

14 (A) the economic revitalization area designation expires after
 15 December 30, 1995; and

16 (B) the new manufacturing equipment **or new research and**
 17 **development equipment, or both**, was described in a
 18 statement of benefits submitted to and approved by the
 19 designating body in accordance with section 4.5 of this chapter
 20 before the expiration of the economic revitalization area
 21 designation; or

22 (2) limit the length of time a taxpayer is entitled to receive a
 23 deduction to a number of years that is less than the number of
 24 years designated under section 4 or 4.5 of this chapter.

25 (k) Notwithstanding any other provision of this chapter, deductions:

26 (1) that are authorized under section 3 of this chapter for property
 27 in an area designated as an urban development area before March
 28 1, 1983, and that are based on an increase in assessed valuation
 29 resulting from redevelopment or rehabilitation that occurs before
 30 March 1, 1983; or

31 (2) that are authorized under section 4.5 of this chapter for new
 32 manufacturing equipment installed in an area designated as an
 33 urban development area before March 1, 1983;

34 apply according to the provisions of this chapter as they existed at the
 35 time that an application for the deduction was first made. No deduction
 36 that is based on the location of property or new manufacturing
 37 equipment in an urban development area is authorized under this
 38 chapter after February 28, 1983, unless the initial increase in assessed
 39 value resulting from the redevelopment or rehabilitation of the property
 40 or the installation of the new manufacturing equipment occurred before
 41 March 1, 1983.

42 (l) If property located in an economic revitalization area is also

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1 located in an allocation area (as defined in IC 36-7-14-39 or
 2 IC 36-7-15.1-26), an application for the property tax deduction
 3 provided by this chapter may not be approved unless the commission
 4 that designated the allocation area adopts a resolution approving the
 5 application.

6 **(m) In a township having a population of more than one**
 7 **hundred seventy-five thousand (175,000) located in a county that**
 8 **contains a consolidated city, the total property tax deductions for**
 9 **an area designated as residentially distressed may not exceed**
 10 **thirty-three and thirty-three hundredths percent (33.33%) of the**
 11 **assessed valuation of the residential property within the township.**

12 SECTION 7. IC 6-1.1-12.1-2.5 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2.5. (a) If a designating
 14 body finds that an area in its jurisdiction is an economic revitalization
 15 area, it shall either:

- 16 (1) prepare maps and plats that identify the area; or
 17 (2) prepare a simplified description of the boundaries of the area
 18 by describing its location in relation to public ways, streams, or
 19 otherwise.

20 (b) After the compilation of the materials described in subsection
 21 (a), the designating body shall pass a resolution declaring the area an
 22 economic revitalization area. The resolution must contain a description
 23 of the affected area and be filed with the county assessor. **The A**
 24 **resolution adopted after June 30, 1999**, may include a determination
 25 of **whether the number of years** a deduction under section 3 of this
 26 chapter is allowed. ~~for three (3); six (6); or ten (10) years.~~ In addition,
 27 if the resolution is adopted after ~~April 30, 1991~~, **June 30, 1999**, the
 28 resolution may include a determination of **whether the number of**
 29 **years** a deduction under section 4.5 of this chapter is allowed. ~~for five~~
 30 ~~(5) or ten (10) years.~~

31 (c) After approval of a resolution under subsection (b), the
 32 designating body shall do the following:

- 33 (1) Publish notice of the adoption and substance of the resolution
 34 in accordance with IC 5-3-1.
 35 (2) File the following information with each taxing unit that has
 36 authority to levy property taxes in the geographic area where the
 37 economic revitalization area is located:
 38 (A) A copy of the notice required by subdivision (1).
 39 (B) A statement containing substantially the same information
 40 as a statement of benefits filed with the designating body
 41 before the hearing required by this section under sections 3
 42 and 4.5 of this chapter.

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1 The notice must state that a description of the affected area is available
 2 and can be inspected in the county assessor's office. The notice must
 3 also name a date when the designating body will receive and hear all
 4 remonstrances and objections from interested persons. The designating
 5 body shall file the information required by subdivision (2) with the
 6 officers of the taxing unit who are authorized to fix budgets, tax rates,
 7 and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date
 8 of the public hearing. After considering the evidence, the designating
 9 body shall take final action determining whether the qualifications for
 10 an economic revitalization area have been met and confirming,
 11 modifying and confirming, or rescinding the resolution. This
 12 determination is final except that an appeal may be taken and heard as
 13 provided under subsections (d) and (e).

14 (d) A person who filed a written remonstrance with the designating
 15 body under this section and who is aggrieved by the final action taken
 16 may, within ten (10) days after that final action, initiate an appeal of
 17 that action by filing in the office of the clerk of the circuit or superior
 18 court a copy of the order of the designating body and his remonstrance
 19 against that order, together with his bond conditioned to pay the costs
 20 of his appeal if the appeal is determined against him. The only ground
 21 of appeal that the court may hear is whether the proposed project will
 22 meet the qualifications of the economic revitalization area law. The
 23 burden of proof is on the appellant.

24 (e) An appeal under this section shall be promptly heard by the
 25 court without a jury. All remonstrances upon which an appeal has been
 26 taken shall be consolidated and heard and determined within thirty (30)
 27 days after the time of the filing of the appeal. The court shall hear
 28 evidence on the appeal, and may confirm the final action of the
 29 designating body or sustain the appeal. The judgment of the court is
 30 final and conclusive, unless an appeal is taken as in other civil actions.

31 SECTION 8. IC 6-1.1-12.1-3 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) An applicant
 33 must provide a statement of benefits to the designating body. If the
 34 designating body requires information from the applicant for economic
 35 revitalization area status for use in making its decision about whether
 36 to designate an economic revitalization area, the applicant shall provide
 37 the completed statement of benefits form to the designating body
 38 before the hearing required by section 2.5(c) of this chapter. Otherwise,
 39 the statement of benefits form must be submitted to the designating
 40 body before the initiation of the redevelopment or rehabilitation for
 41 which the person desires to claim a deduction under this chapter. The
 42 state board of tax commissioners shall prescribe a form for the



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1 statement of benefits. The statement of benefits must include the
2 following information:

- 3 (1) A description of the proposed redevelopment or rehabilitation.
- 4 (2) An estimate of the number of individuals who will be
5 employed or whose employment will be retained by the person as
6 a result of the redevelopment or rehabilitation and an estimate of
7 the annual salaries of these individuals.
- 8 (3) An estimate of the value of the redevelopment or
9 rehabilitation.

10 With the approval of the state board of tax commissioners, the
11 statement of benefits may be incorporated in a designation application.
12 Notwithstanding any other law, a statement of benefits is a public
13 record that may be inspected and copied under IC 5-14-3-3.

14 (b) The designating body must review the statement of benefits
15 required under subsection (a). The designating body shall determine
16 whether an area should be designated an economic revitalization area
17 or whether a deduction should be allowed, based on (and after it has
18 made) the following findings:

- 19 (1) Whether the estimate of the value of the redevelopment or
20 rehabilitation is reasonable for projects of that nature.
- 21 (2) Whether the estimate of the number of individuals who will be
22 employed or whose employment will be retained can be
23 reasonably expected to result from the proposed described
24 redevelopment or rehabilitation.
- 25 (3) Whether the estimate of the annual salaries of those
26 individuals who will be employed or whose employment will be
27 retained can be reasonably expected to result from the proposed
28 described redevelopment or rehabilitation.
- 29 (4) Whether any other benefits about which information was
30 requested are benefits that can be reasonably expected to result
31 from the proposed described redevelopment or rehabilitation.
- 32 (5) Whether the totality of benefits is sufficient to justify the
33 deduction.

34 A designating body may not designate an area an economic
35 revitalization area or approve a deduction unless the findings required
36 by this subsection are made in the affirmative.

37 (c) Except as provided in subsections (a) through (b), the owner of
38 property which is located in an economic revitalization area is entitled
39 to a deduction from the assessed value of the property. If the area is a
40 residentially distressed area, the period is **not more than** five (5) years.
41 For all other economic revitalization areas **designated before July 1,**
42 **1999,** the period is three (3), six (6), or ten (10) years. ~~as determined~~

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1 under subsection (d). **For all economic revitalization areas**
 2 **designated after June 30, 1999, the period is the number of years**
 3 **determined under subsection (d).** The owner is entitled to a deduction
 4 if:

- 5 (1) the property has been rehabilitated; or
 6 (2) the property is located on real estate which has been
 7 redeveloped.

8 The owner is entitled to the deduction for the first year, and any
 9 successive year or years, in which an increase in assessed value
 10 resulting from the rehabilitation or redevelopment occurs and for the
 11 ~~two (2), four (4), five (5), or nine (9) years immediately following each~~
 12 ~~such year or years whichever is applicable.~~ **determined under**
 13 **subsection (d).** However, property owners who had an area designated
 14 an urban development area pursuant to an application filed prior to
 15 January 1, 1979, are only entitled to a deduction for a five (5) year
 16 period. In addition, property owners who are entitled to a deduction
 17 under this chapter pursuant to an application filed after December 31,
 18 1978, and before January 1, 1986, are entitled to a deduction for a ten
 19 (10) year period.

20 (d) ~~For economic revitalization areas that are not residentially~~
 21 ~~distressed areas;~~ **For an area designated as an economic**
 22 **revitalization area after June 30, 1999, that is not a residentially**
 23 **distressed area,** the designating body shall determine ~~whether the~~
 24 ~~number of years for which~~ the property owner is entitled to a
 25 deduction. ~~for three (3) years; six (6) years; or ten (10) years.~~ **However,**
 26 **the deduction may not be allowed for more than ten (10) years.**
 27 This determination shall be made:

- 28 (1) as part of the resolution adopted under section 2.5 of this
 29 chapter; or
 30 (2) by resolution adopted within sixty (60) days after receiving a
 31 copy of a property owner's certified deduction application from
 32 the county auditor. A certified copy of the resolution shall be sent
 33 to the county auditor who shall make the deduction as provided
 34 in section 5 of this chapter.

35 A determination about ~~whether the~~ **number of years the** deduction is
 36 ~~three (3); six (6); or ten (10) years allowed~~ that is made under
 37 subdivision (1) is final and may not be changed by following the
 38 procedure under subdivision (2).

39 (e) Except for deductions related to redevelopment or rehabilitation
 40 of real property in a county containing a consolidated city or a
 41 deduction related to redevelopment or rehabilitation of real property
 42 initiated before December 31, 1987, in areas designated as economic



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1 revitalization areas before that date, a deduction for the redevelopment
2 or rehabilitation of real property may not be approved for the following
3 facilities:

- 4 (1) Private or commercial golf course.
5 (2) Country club.
6 (3) Massage parlor.
7 (4) Tennis club.
8 (5) Skating facility (including roller skating, skateboarding, or ice
9 skating).
10 (6) Racquet sport facility (including any handball or racquetball
11 court).
12 (7) Hot tub facility.
13 (8) Suntan facility.
14 (9) Racetrack.
15 (10) Any facility the primary purpose of which is:
16 (A) retail food and beverage service;
17 (B) automobile sales or service; or
18 (C) other retail;
19 unless the facility is located in an economic development target
20 area established under section 7 of this chapter.
21 (11) Residential, unless:
22 (A) the facility is a multifamily facility that contains at least
23 twenty percent (20%) of the units available for use by low and
24 moderate income individuals;
25 (B) the facility is located in an economic development target
26 area established under section 7 of this chapter; or
27 (C) the area is designated as a residentially distressed area.
28 (12) A package liquor store that holds a liquor dealer's permit
29 under IC 7.1-3-10 or any other entity that is required to operate
30 under a license issued under IC 7.1. However, this subdivision
31 does not apply to an applicant that:
32 (A) was eligible for tax abatement under this chapter before
33 July 1, 1995; or
34 (B) is described in IC 7.1-5-7-11.

35 SECTION 9. IC 6-1.1-12.1-4 IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) Except as
37 provided in section 2(i)(4) of this chapter, the amount of the deduction
38 which the property owner is entitled to receive under section 3 of this
39 chapter for a particular year equals the product of:

- 40 (1) the increase in the assessed value resulting from the
41 rehabilitation or redevelopment; multiplied by
42 (2) the percentage prescribed in the table set forth in subsection

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(d).
(b) The amount of the deduction determined under subsection (a) shall be adjusted in accordance with this subsection in the following circumstances:

- (1) If a general reassessment of real property occurs within the particular period of the deduction, the amount determined under subsection (a)(1) shall be adjusted to reflect the percentage increase or decrease in assessed valuation that resulted from the general reassessment.
- (2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.

The state board of tax commissioners shall adopt rules under IC 4-22-2 to implement this subsection.

(c) Property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to the deduction for the first through the fifth years as provided in subsection ~~(d)(3)~~: **(d)(10)**. In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for the first through the tenth years, as provided in subsection ~~(d)(3)~~: **(d)(10)**.

(d) The percentage to be used in calculating the deduction under subsection (a) is as follows:

- (1) For deductions allowed over a one (1) year period:**

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
- (2) For deductions allowed over a two (2) year period:**

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
- (3) For deductions allowed over a three (3) year period:**

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
- (4) For deductions allowed over a four (4) year period:**

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%

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1	4th	25%
2	(5) For deductions allowed over a five (5) year period:	
3	YEAR OF DEDUCTION	PERCENTAGE
4	1st	100%
5	2nd	80%
6	3rd	60%
7	4th	40%
8	5th	20%
9	(6) For deductions allowed over a six (6) year period:	
10	YEAR OF DEDUCTION	PERCENTAGE
11	1st	100%
12	2nd	85%
13	3rd	66%
14	4th	50%
15	5th	34%
16	6th	17%
17	(7) For deductions allowed over a seven (7) year period:	
18	YEAR OF DEDUCTION	PERCENTAGE
19	1st	100%
20	2nd	85%
21	3rd	71%
22	4th	57%
23	5th	43%
24	6th	29%
25	7th	14%
26	(8) For deductions allowed over an eight (8) year period:	
27	YEAR OF DEDUCTION	PERCENTAGE
28	1st	100%
29	2nd	88%
30	3rd	75%
31	4th	63%
32	5th	50%
33	6th	38%
34	7th	25%
35	8th	13%
36	(9) For deductions allowed over a nine (9) year period:	
37	YEAR OF DEDUCTION	PERCENTAGE
38	1st	100%
39	2nd	88%
40	3rd	77%
41	4th	66%
42	5th	55%

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1	6th	44%
2	7th	33%
3	8th	22%
4	9th	11%
5	⊕ (10) For deductions allowed over a ten (10) year period:	
6	YEAR OF DEDUCTION	PERCENTAGE
7	1st	100%
8	2nd	95%
9	3rd	80%
10	4th	65%
11	5th	50%
12	6th	40%
13	7th	30%
14	8th	20%
15	9th	10%
16	10th	5%

17 SECTION 10. IC 6-1.1-12.1-4.1 (CURRENT VERSION) IS
 18 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 19 1999 (RETROACTIVE)]: IC 6-1.1-12.1-4.1 Sec. 4.1. (a) Section 4 of
 20 this chapter applies to economic revitalization areas that are not
 21 residentially distressed areas.

22 (b) This subsection applies to economic revitalization areas that are
 23 residentially distressed areas. **Subject to section 2(m) of this chapter,**
 24 the amount of the deduction that a property owner is entitled to receive
 25 under section 3 of this chapter for a particular year equals the lesser of:

- 26 (1) the assessed value of the improvement to the property after the
- 27 rehabilitation or redevelopment has occurred; or
- 28 (2) the following amount:

29 TYPE OF DWELLING	AMOUNT
30 One (1) family dwelling	\$12,000
31 Two (2) family dwelling	\$17,000
32 Three (3) unit multifamily	
33 dwelling	\$25,000
34 Four (4) unit multifamily	
35 dwelling	\$32,000

36 SECTION 11. IC 6-1.1-12.1-4.1 (DELAYED VERSION) IS
 37 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
 38 2001]: Sec. 4.1. (a) Section 4 of this chapter applies to economic
 39 revitalization areas that are not residentially distressed areas.

40 (b) This subsection applies to economic revitalization areas that are
 41 residentially distressed areas. **Subject to section 2(m) of this chapter,**
 42 the amount of the deduction that a property owner is entitled to receive

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1 under section 3 of this chapter for a particular year equals the lesser of:
2 (1) the assessed value of the improvement to the property after the
3 rehabilitation or redevelopment has occurred; or
4 (2) the following amount:

5 TYPE OF DWELLING	AMOUNT
6 One (1) family dwelling	\$36,000
7 Two (2) family dwelling	\$51,000
8 Three (3) unit multifamily 9 dwelling	\$75,000
10 Four (4) unit multifamily 11 dwelling	\$96,000.

12 SECTION 12. IC 6-1.1-12.1-4.5 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4.5. (a) For purposes
14 of this section, "personal property" means personal property other than
15 inventory (as defined in IC 6-1.1-3-11(a)).

16 (b) An applicant must provide a statement of benefits to the
17 designating body. The applicant must provide the completed statement
18 of benefits form to the designating body before the hearing specified in
19 section 2.5(c) of this chapter or before the installation of the new
20 manufacturing equipment **or new research and development**
21 **equipment, or both**, for which the person desires to claim a deduction
22 under this chapter. The state board of tax commissioners shall prescribe
23 a form for the statement of benefits. The statement of benefits must
24 include the following information:

25 (1) A description of the new manufacturing equipment **or new**
26 **research and development equipment, or both**, that the person
27 proposes to acquire.

28 (2) With respect to:
29 (A) new manufacturing equipment not used to dispose of solid
30 waste or hazardous waste by converting the solid waste or
31 hazardous waste into energy or other useful products; **and**
32 (B) **new research and development equipment;**
33 an estimate of the number of individuals who will be employed or
34 whose employment will be retained by the person as a result of
35 the installation of the new manufacturing equipment **or new**
36 **research and development equipment, or both**, and an estimate
37 of the annual salaries of these individuals.

38 (3) An estimate of the cost of the new manufacturing equipment
39 **or new research and development equipment, or both.**

40 (4) With respect to new manufacturing equipment used to dispose
41 of solid waste or hazardous waste by converting the solid waste
42 or hazardous waste into energy or other useful products, an

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1 estimate of the amount of solid waste or hazardous waste that will
 2 be converted into energy or other useful products by the new
 3 manufacturing equipment.

4 With the approval of the state board of tax commissioners, the
 5 statement of benefits may be incorporated in a designation application.
 6 Notwithstanding any other law, a statement of benefits is a public
 7 record that may be inspected and copied under IC 5-14-3-3.

8 (c) The designating body must review the statement of benefits
 9 required under subsection (b). The designating body shall determine
 10 whether an area should be designated an economic revitalization area
 11 or whether the deduction shall be allowed, based on (and after it has
 12 made) the following findings:

13 (1) Whether the estimate of the cost of the new manufacturing
 14 equipment **or new research and development equipment, or**
 15 **both**, is reasonable for equipment of that type.

16 (2) With respect to:

17 (A) new manufacturing equipment not used to dispose of solid
 18 waste or hazardous waste by converting the solid waste or
 19 hazardous waste into energy or other useful products; **and**

20 **(B) new research and development equipment;**

21 whether the estimate of the number of individuals who will be
 22 employed or whose employment will be retained can be
 23 reasonably expected to result from the installation of the new
 24 manufacturing equipment **or new research and development**
 25 **equipment, or both.**

26 (3) Whether the estimate of the annual salaries of those
 27 individuals who will be employed or whose employment will be
 28 retained can be reasonably expected to result from the proposed
 29 installation of new manufacturing equipment **or new research**
 30 **and development equipment, or both.**

31 (4) With respect to new manufacturing equipment used to dispose
 32 of solid waste or hazardous waste by converting the solid waste
 33 or hazardous waste into energy or other useful products, whether
 34 the estimate of the amount of solid waste or hazardous waste that
 35 will be converted into energy or other useful products can be
 36 reasonably expected to result from the installation of the new
 37 manufacturing equipment.

38 (5) Whether any other benefits about which information was
 39 requested are benefits that can be reasonably expected to result
 40 from the proposed installation of new manufacturing equipment
 41 **or new research and development equipment, or both.**

42 (6) Whether the totality of benefits is sufficient to justify the

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1 deduction.
 2 The designating body may not designate an area an economic
 3 revitalization area or approve the deduction unless it makes the
 4 findings required by this subsection in the affirmative.

5 (d) Except as provided in subsection (f), an owner of new
 6 manufacturing equipment whose statement of benefits is approved
 7 before May 1, 1991, is entitled to a deduction from the assessed value
 8 of that equipment for a period of five (5) years. Except as provided in
 9 subsections (f) and (i), an owner of new manufacturing equipment **or**
 10 **new research and development equipment, or both**, whose statement
 11 of benefits is approved after ~~April 30, 1991~~, **June 30, 1999**, is entitled
 12 to a deduction from the assessed value of that equipment for a ~~period~~
 13 ~~of five (5) years or ten (10) the number of years as~~ determined by the
 14 designating body under subsection (h). Except as provided in
 15 subsections (f) and (g) and in section 2(i)(3) of this chapter, the amount
 16 of the deduction that an owner is entitled to for a particular year equals
 17 the product of:

- 18 (1) the assessed value of the new manufacturing equipment **or**
 19 **new research and development equipment, or both**, in the year
 20 that the equipment is installed; multiplied by
 21 (2) the percentage prescribed in the table set forth in subsection
 22 (e).

23 (e) The percentage to be used in calculating the deduction under
 24 subsection (d) is as follows:

25 **(1) For deductions allowed over a one (1) year period:**

26 YEAR OF DEDUCTION	PERCENTAGE
27 1st	100%
28 2nd and thereafter	0%

29 **(2) For deductions allowed over a two (2) year period:**

30 YEAR OF DEDUCTION	PERCENTAGE
31 1st	100%
32 2nd	50%
33 3rd and thereafter	0%

34 **(3) For deductions allowed over a three (3) year period:**

35 YEAR OF DEDUCTION	PERCENTAGE
36 1st	100%
37 2nd	66%
38 3rd	33%
39 4th and thereafter	0%

40 **(4) For deductions allowed over a four (4) year period:**

41 YEAR OF DEDUCTION	PERCENTAGE
42 1st	100%



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1	2nd	75%
2	3rd	50%
3	4th	25%
4	5th and thereafter	0%
5	(†) (5) For deductions allowed over a five (5) year period:	
6	YEAR OF DEDUCTION	PERCENTAGE
7	1st	100%
8	2nd	95% 80%
9	3rd	80% 60%
10	4th	65% 40%
11	5th	50% 20%
12	6th and thereafter	0%
13	(6) For deductions allowed over a six (6) year period:	
14	YEAR OF DEDUCTION	PERCENTAGE
15	1st	100%
16	2nd	85%
17	3rd	66%
18	4th	50%
19	5th	34%
20	6th	25%
21	7th and thereafter	0%
22	(7) For deductions allowed over a seven (7) year period:	
23	YEAR OF DEDUCTION	PERCENTAGE
24	1st	100%
25	2nd	85%
26	3rd	71%
27	4th	57%
28	5th	43%
29	6th	29%
30	7th	14%
31	8th and thereafter	0%
32	(8) For deductions allowed over an eight (8) year period:	
33	YEAR OF DEDUCTION	PERCENTAGE
34	1st	100%
35	2nd	88%
36	3rd	75%
37	4th	63%
38	5th	50%
39	6th	38%
40	7th	25%
41	8th	13%
42	9th and thereafter	0%

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1 **(9) For deductions allowed over a nine (9) year period:**
 2 **YEAR OF DEDUCTION PERCENTAGE**
 3 1st **100%**
 4 2nd **88%**
 5 3rd **77%**
 6 4th **66%**
 7 5th **55%**
 8 6th **44%**
 9 7th **33%**
 10 8th **22%**
 11 9th **11%**
 12 10th and thereafter **0%**

13 ~~(2)~~ **(10) For deductions allowed over a ten (10) year period:**
 14 **YEAR OF DEDUCTION PERCENTAGE**
 15 1st 100%
 16 2nd ~~95%~~ **90%**
 17 3rd ~~90%~~ **80%**
 18 4th ~~85%~~ **70%**
 19 5th ~~80%~~ **60%**
 20 6th ~~70%~~ **50%**
 21 7th ~~55%~~ **40%**
 22 8th ~~40%~~ **30%**
 23 9th ~~30%~~ **20%**
 24 10th ~~25%~~ **10%**
 25 11th and thereafter 0%

26 (f) Notwithstanding subsections (d) and (e), a deduction under this
 27 section is not allowed in the first year the deduction is claimed for new
 28 manufacturing equipment **or new research and development**
 29 **equipment, or both**, to the extent that it would cause the assessed
 30 value of all of the personal property of the owner in the taxing district
 31 in which the equipment is located (excluding personal property that is
 32 assessed as construction in process) to be less than the assessed value
 33 of all of the personal property of the owner in that taxing district
 34 (excluding personal property that is assessed as construction in
 35 process) in the immediately preceding year.

36 (g) If a deduction is not fully allowed under subsection (f) in the
 37 first year the deduction is claimed, then the percentages specified in
 38 subsection (d) or (e) apply in the subsequent years to the amount of
 39 deduction that was allowed in the first year.

40 (h) **For an economic revitalization area designated before July**
 41 **1, 1999**, the designating body shall determine whether a property owner
 42 whose statement of benefits is approved after April 30, 1991, is entitled

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1 to a deduction for five (5) or ten (10) years. **For an economic**
 2 **revitalization area designated after June 30, 1999, the designating**
 3 **body shall determine the number of years the deduction is allowed.**
 4 **However, the deduction may not be allowed for more than ten (10)**
 5 **years.** This determination shall be made:

6 (1) as part of the resolution adopted under section 2.5 of this
 7 chapter; or

8 (2) by resolution adopted within sixty (60) days after receiving a
 9 copy of a property owner's certified deduction application from
 10 the state board of tax commissioners. A certified copy of the
 11 resolution shall be sent to the county auditor and the state board
 12 of tax commissioners.

13 A determination about ~~whether~~ the **number of years the** deduction is
 14 **for a period of five (5) or ten (10) years allowed** that is made under
 15 subdivision (1) is final and may not be changed by following the
 16 procedure under subdivision (2).

17 (i) The owner of new manufacturing equipment that is directly used
 18 to dispose of hazardous waste is not entitled to the deduction provided
 19 by this section for a particular assessment year if during that
 20 assessment year the owner:

21 (1) is convicted of a violation under IC 13-7-13-3 (repealed),
 22 IC 13-7-13-4 (repealed), or IC 13-30-6; or

23 (2) is subject to an order or a consent decree with respect to
 24 property located in Indiana based on a violation of a federal or
 25 state rule, regulation, or statute governing the treatment, storage,
 26 or disposal of hazardous wastes that had a major or moderate
 27 potential for harm.

28 SECTION 13. IC 6-1.1-12.1-5 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5. (a) A property owner
 30 who desires to obtain the deduction provided by section 3 of this
 31 chapter must file a certified deduction application, on forms prescribed
 32 by the state board of tax commissioners, with the auditor of the county
 33 in which the property is located. Except as otherwise provided in
 34 subsection (b) or (e), the deduction application must be filed before
 35 May 10 of the year in which the addition to assessed valuation is made.

36 (b) If notice of the addition to assessed valuation or new assessment
 37 for any year is not given to the property owner before April 10 of that
 38 year, the deduction application required by this section may be filed not
 39 later than thirty (30) days after the date such a notice is mailed to the
 40 property owner at the address shown on the records of the township
 41 assessor.

42 (c) The deduction application required by this section must contain



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1 the following information:

- 2 (1) The name of the property owner.
- 3 (2) A description of the property for which a deduction is claimed
- 4 in sufficient detail to afford identification.
- 5 (3) The assessed value of the improvements before rehabilitation.
- 6 (4) The increase in the assessed value of improvements resulting
- 7 from the rehabilitation.
- 8 (5) The assessed value of the new structure in the case of
- 9 redevelopment.
- 10 (6) The amount of the deduction claimed for the first year of the
- 11 deduction.
- 12 (7) If the deduction application is for a deduction in a
- 13 residentially distressed area, the assessed value of the
- 14 improvement or new structure for which the deduction is claimed.

15 (d) A deduction application filed under subsection (a) or (b) is

16 applicable for the year in which the addition to assessed value or

17 assessment of a new structure is made and in the ~~immediate~~ following

18 ~~two (2); four (4); five (5); or nine (9) years whichever is applicable;~~ **the**

19 **deduction is allowed** without any additional deduction application

20 being filed. However, property owners who had an area designated an

21 urban development area pursuant to a deduction application filed prior

22 to January 1, 1979, are only entitled to a deduction for a five (5) year

23 period. In addition, property owners who are entitled to a deduction

24 under this chapter pursuant to a deduction application filed after

25 December 31, 1978, and before January 1, 1986, are entitled to a

26 deduction for a ten (10) year period.

27 (e) A property owner who desires to obtain the deduction provided

28 by section 3 of this chapter but who has failed to file a deduction

29 application within the dates prescribed in subsection (a) or (b) may file

30 a deduction application between March 1 and May 10 of a subsequent

31 year which shall be applicable for the year filed and the subsequent

32 years without any additional deduction application being filed for the

33 amounts of the deduction which would be applicable to such years

34 pursuant to section 4 of this chapter if such a deduction application had

35 been filed in accordance with subsection (a) or (b).

36 (f) On verification of the correctness of a deduction application by

37 the assessor of the township in which the property is located, the

38 county auditor shall act as follows:

- 39 (1) If a determination about ~~whether the deduction is three (3); six~~
- 40 ~~(6); or ten (10)~~ **the number of years the deduction is allowed**
- 41 has been made in the resolution adopted under section 2.5 of this
- 42 chapter, the county auditor shall make the appropriate deduction.



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1 (2) If a determination about ~~whether the deduction is three (3); six~~
 2 ~~(6); or ten (10) the number of years the deduction is allowed~~
 3 has not been made in the resolution adopted under section 2.5 of
 4 this chapter, the county auditor shall send a copy of the deduction
 5 application to the designating body. Upon receipt of the resolution
 6 stating ~~whether the number of years the deduction will be~~
 7 ~~allowed, for three (3); six (6); or ten (10) years;~~ the county auditor
 8 shall make the appropriate deduction.

9 (3) If the deduction application is for rehabilitation or
 10 redevelopment in a residentially distressed area, the county
 11 auditor shall make the appropriate deduction.

12 (g) The amount and period of the deduction provided for property
 13 by section 3 of this chapter are not affected by a change in the
 14 ownership of the property if the new owner of the property:

15 (1) continues to use the property in compliance with any
 16 standards established under section 2(g) of this chapter; and

17 (2) files an application in the manner provided by subsection (e).

18 (h) The township assessor shall include a notice of the deadlines for
 19 filing a deduction application under subsections (a) and (b) with each
 20 notice to a property owner of an addition to assessed value or of a new
 21 assessment.

22 SECTION 14. IC 6-1.1-12.1-5.5 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.5. (a) A person that
 24 desires to obtain the deduction provided by section 4.5 of this chapter
 25 must file a certified deduction application on forms prescribed by the
 26 state board of tax commissioners with:

27 (1) the auditor of the county in which the new manufacturing
 28 equipment **or new research and development equipment, or**
 29 **both,** is located; and

30 (2) the state board of tax commissioners.

31 A person that timely files a personal property return under
 32 IC 6-1.1-3-7(a) for the year in which the new manufacturing equipment
 33 **or new research and development equipment, or both,** is installed
 34 must file the application between March 1 and May 15 of that year. A
 35 person that obtains a filing extension under IC 6-1.1-3-7(b) for the year
 36 in which the new manufacturing equipment **or new research and**
 37 **development equipment, or both,** is installed must file the application
 38 between March 1 and June 14 of that year.

39 (b) The deduction application required by this section must contain
 40 the following information:

41 (1) The name of the owner of the new manufacturing equipment
 42 **or new research and development equipment, or both.**



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1 (2) A description of the new manufacturing equipment **or new**
 2 **research and development equipment, or both.**

3 (3) Proof of the date the new manufacturing equipment **or new**
 4 **research and development equipment, or both,** was installed.

5 (4) The amount of the deduction claimed for the first year of the
 6 deduction.

7 (c) This subsection applies to a deduction application with respect
 8 to new manufacturing equipment **or new research and development**
 9 **equipment, or both,** for which a statement of benefits was initially
 10 approved after April 30, 1991. If a determination about ~~whether the~~
 11 **number of years** the deduction is ~~for a period of five (5) or ten (10)~~
 12 **years allowed** has not been made in the resolution adopted under
 13 section 2.5 of this chapter, the county auditor shall send a copy of the
 14 deduction application to the designating body and the designating body
 15 shall adopt a resolution under section 4.5(h)(2) of this chapter.

16 (d) A deduction application must be filed under this section in the
 17 year in which the new manufacturing equipment **or new research and**
 18 **development equipment, or both,** is installed and in each of the
 19 immediately succeeding ~~four (4) or nine (9)~~ years ~~whichever is~~
 20 **applicable: the deduction is allowed.**

21 (e) The state board of tax commissioners shall review and verify the
 22 correctness of each deduction application and shall notify the county
 23 auditor of the county in which the property is located that the deduction
 24 application is approved or denied or that the amount of the deduction
 25 is altered. Upon notification of approval of the deduction application
 26 or of alteration of the amount of the deduction, the county auditor shall
 27 make the deduction. The county auditor shall notify the county property
 28 tax assessment board of appeals of all deductions approved under this
 29 section.

30 (f) If the ownership of new manufacturing equipment **or new**
 31 **research and development equipment, or both,** changes, the
 32 deduction provided under section 4.5 of this chapter continues to apply
 33 to that equipment if the new owner:

34 (1) continues to use the equipment in compliance with any
 35 standards established under section 2(g) of this chapter; and

36 (2) files the deduction applications required by this section.

37 (g) The amount of the deduction is the percentage under section 4.5
 38 of this chapter that would have applied if the ownership of the property
 39 had not changed multiplied by the assessed value of the equipment for
 40 the year the deduction is claimed by the new owner.

41 (h) If a person desires to initiate an appeal of the state board of tax
 42 commissioners' final determination, the person must do all of the

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1 following not more than forty-five (45) days after the state board of tax
2 commissioners gives the person notice of the final determination:

- 3 (1) File a written notice with the state board of tax commissioners
- 4 informing the board of the person's intention to appeal.
- 5 (2) File a complaint in the tax court.
- 6 (3) Serve the attorney general and the county auditor with a copy
- 7 of the complaint.

8 SECTION 15. IC 6-1.1-12.1-5.6 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.6. (a) This subsection
10 applies to a property owner whose statement of benefits was approved
11 under section 4.5 of this chapter before July 1, 1991. In addition to the
12 requirements of section 5.5(b) of this chapter, a deduction application
13 filed under section 5.5 of this chapter must contain information
14 showing the extent to which there has been compliance with the
15 statement of benefits approved under section 4.5 of this chapter.
16 Failure to comply with a statement of benefits approved before July 1,
17 1991, may not be a basis for rejecting a deduction application.

18 (b) This subsection applies to a property owner whose statement of
19 benefits was approved under section 4.5 of this chapter after June 30,
20 1991. In addition to the requirements of section 5.5(b) of this chapter,
21 a property owner who files a deduction application under section 5.5
22 of this chapter must provide the county auditor and the designating
23 body with information showing the extent to which there has been
24 compliance with the statement of benefits approved under section 4.5
25 of this chapter.

26 (c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following
27 information is a public record if filed under this section:

- 28 (1) The name and address of the taxpayer.
- 29 (2) The location and description of the new manufacturing
30 equipment **or new research and development equipment, or**
31 **both**, for which the deduction was granted.
- 32 (3) Any information concerning the number of employees at the
33 facility where the new manufacturing equipment **or new research**
34 **and development equipment, or both**, is located, including
35 estimated totals that were provided as part of the statement of
36 benefits.
- 37 (4) Any information concerning the total of the salaries paid to
38 those employees, including estimated totals that were provided as
39 part of the statement of benefits.
- 40 (5) Any information concerning the amount of solid waste or
41 hazardous waste converted into energy or other useful products by
42 the new manufacturing equipment.



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1 (6) Any information concerning the assessed value of the new
2 manufacturing equipment **or new research and development**
3 **equipment, or both**, including estimates that were provided as
4 part of the statement of benefits.

5 (d) The following information is confidential if filed under this
6 section:

7 (1) Any information concerning the specific salaries paid to
8 individual employees by the owner of the new manufacturing
9 equipment **or new research and development equipment, or**
10 **both.**

11 (2) Any information concerning the cost of the new
12 manufacturing equipment **or new research and development**
13 **equipment, or both.**

14 SECTION 16. IC 6-1.1-12.1-5.8 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.8. In lieu of providing
16 the statement of benefits required by section 3 or 4.5 of this chapter and
17 the additional information required by section 5.1 or 5.6 of this chapter,
18 the designating body may, by resolution, waive the statement of
19 benefits if the designating body finds that the purposes of this chapter
20 are served by allowing the deduction and the property owner has,
21 during the thirty-six (36) months preceding the first assessment date to
22 which the waiver would apply, installed new manufacturing equipment
23 **or new research and development equipment, or both**, or developed
24 or rehabilitated property at a cost of at least ten million dollars
25 (\$10,000,000) as determined by the state board of tax commissioners.

26 SECTION 17. IC 6-1.1-12.1-8 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) ~~No~~ **Not** later than
28 December 31 of each year, the county auditor shall publish the
29 following in a newspaper of general interest and readership and not one
30 of limited subject matter:

31 (1) A list of the approved deduction applications that were filed
32 under this chapter during that year. The list must contain the
33 following:

34 (A) The name and address of each person approved for or
35 receiving a deduction that was filed for during the year.

36 (B) The amount of each deduction that was filed for during the
37 year.

38 (C) The number of years for which each deduction that was
39 filed for during the year will be available.

40 (D) The total amount for all deductions that were filed for and
41 granted during the year.

42 (2) The total amount of all deductions for real property that were

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1 in effect under section 3 of this chapter during the year.

2 (3) The total amount of all deductions for new manufacturing
3 equipment **or new research and development equipment, or**
4 **both**, that were in effect under section 4.5 of this chapter during
5 the year.

6 (b) The county auditor shall file the information described in
7 subsection (a)(2) and (a)(3) with the state board of tax commissioners
8 not later than December 31 of each year.

9 SECTION 18. IC 6-1.1-12.1-11.3 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 11.3. (a) This section
11 applies only to the following requirements under section 3 of this
12 chapter:

13 (1) Failure to provide the completed statement of benefits form to
14 the designating body before the hearing required by section 2.5(c)
15 of this chapter.

16 (2) Failure to submit the completed statement of benefits form to
17 the designating body before the initiation of the redevelopment or
18 rehabilitation or the installation of new manufacturing equipment
19 **or new research and development equipment, or both**, for
20 which the person desires to claim a deduction under this chapter.

21 (3) Failure to designate an area as an economic revitalization area
22 before the initiation of the:

23 (A) redevelopment;

24 (B) installation of new manufacturing equipment **or new**
25 **research and development equipment, or both; or**

26 (C) rehabilitation;

27 for which the person desires to claim a deduction under this
28 chapter.

29 (4) Failure to make the required findings of fact before
30 designating an area as an economic revitalization area or
31 authorizing a deduction for new manufacturing equipment **or new**
32 **research and development equipment, or both**, under section
33 2, 3, or 4.5 of this chapter.

34 (b) This section does not grant a designating body the authority to
35 exempt a person from filing a statement of benefits or exempt a
36 designating body from making findings of fact.

37 (c) A designating body may by resolution waive noncompliance
38 described under subsection (a) under the terms and conditions specified
39 in the resolution. Before adopting a waiver under this subsection, the
40 designating body shall conduct a public hearing on the waiver.

41 SECTION 19. IC 6-3.1-4-2 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:



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1 Sec. 2. (a) A taxpayer who incurs Indiana qualified research expense
2 in a particular taxable year is entitled to a research expense tax credit
3 for the taxable year.

4 (b) A taxpayer who does not have income apportioned to this state
5 for a taxable year under IC 6-3-2-2 is entitled to a research expense tax
6 credit for the taxable year in the amount of the product of:

7 (1) ~~five six~~ percent (~~5%~~); (~~6%~~); multiplied by

8 (2) the remainder of the taxpayer's Indiana qualified research
9 expenses for the taxable year, minus:

10 (A) the taxpayer's base period Indiana qualified research
11 expenses, for taxable years beginning before January 1, 1990;
12 or

13 (B) the taxpayer's base amount, for taxable years beginning
14 after December 31, 1989.

15 (c) A taxpayer who has income apportioned to this state for a
16 taxable year under IC 6-3-2-2 is entitled to a research expense tax
17 credit for the taxable year in the amount of the lesser of:

18 (1) the amount determined under subsection (b); or

19 (2) ~~five six~~ percent (~~5%~~) (~~6%~~) multiplied by the remainder of the
20 taxpayer's total qualified research expenses for the taxable year,
21 minus:

22 (A) the taxpayer's base period research expenses, for taxable
23 years beginning before January 1, 1990; or

24 (B) the taxpayer's base amount, for taxable years beginning
25 after December 31, 1989;

26 further multiplied by the percentage determined under IC 6-3-2-2
27 for the apportionment of the taxpayer's income for the taxable
28 year to this state.

29 SECTION 20. IC 6-3.1-4-6 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. Notwithstanding the
31 other provisions of this chapter, a taxpayer is not entitled to a credit for
32 Indiana qualified research expense incurred after December 31, ~~1999~~
33 **2002**. Notwithstanding Section 41 of the Internal Revenue Code, the
34 termination date in Section 41(h) of the Internal Revenue Code does
35 not apply to a taxpayer who is eligible for the credit under this chapter
36 for the taxable year in which the Indiana qualified research expense is
37 incurred.

38 SECTION 21. IC 6-1.1-39-10 IS ADDED TO THE INDIANA
39 CODE AS A NEW SECTION TO READ AS FOLLOWS
40 [EFFECTIVE JULY 1, 1999]: **Sec. 10. (a) Notwithstanding any other**
41 **provision, an allocation provision established under this chapter**
42 **before July 1, 1999, expires not later than the latest date that an**



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1 obligation that is outstanding on July 1, 1999, and that is payable
2 from allocated taxes is scheduled to be retired.

3 (b) An allocation provision established or amended under this
4 chapter after June 30, 1999, must specify an expiration date for the
5 allocation provision that may not be more than thirty (30) years
6 after the date on which the allocation provision is established.

7 SECTION 22. IC 6-3.5-7-23 IS ADDED TO THE INDIANA CODE
8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
9 1, 1999]: Sec. 23. (a) This section applies in a county having a
10 population of more than eighty-five thousand (85,000) but less than
11 eighty-eight thousand (88,000).

12 (b) As used in this section, "council" means the town council of
13 a town having a population of more than nineteen thousand
14 (19,000) but less than twenty thousand (20,000) in a county
15 described in subsection (a).

16 (c) An employer may receive a grant for retaining employees at
17 its location in the county if:

- 18 (1) the county adopts the tax imposed under this chapter; and
- 19 (2) the employer is awarded a grant by the council under this
20 section.

21 (d) A grant awarded under this section is payable from the
22 revenues of a tax imposed under this chapter that are received by
23 the town. The council shall determine the terms, conditions, and
24 the amount of the grant in the manner that the economic
25 development for a growing economy board calculates tax credits
26 under IC 6-3.1-13. The department of state revenue shall cooperate
27 with the council and provide the information necessary to
28 determine the amount of the grant under this section.

29 (e) To receive a grant under this chapter for retaining
30 employees an employer must meet the following conditions:

- 31 (1) The employer has had a location in the county for more
32 than sixty-five (65) years.
- 33 (2) The employer has more than four hundred fifty (450)
34 employees at the location in the county.
- 35 (3) The average wage for an hourly employee is at least
36 twenty dollars (\$20) per hour.
- 37 (4) The employer must commit to retain the same number of
38 employees for at least ten (10) years or reimburse the county
39 for the total amount of grants received if the employer does
40 not comply with this commitment.

41 (f) After receipt of an application, the council may enter into an
42 agreement with the applicant for a grant under this section if the



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1 **council determines that all of the following conditions exist:**

2 **(1) The applicant satisfies the conditions set forth in**
3 **subsection (e).**

4 **(2) The applicant is economically sound and will benefit the**
5 **people of Indiana by retaining opportunities for employment**
6 **and strengthening the economy of Indiana.**

7 **(3) There is at least one (1) other state or country that the**
8 **applicant verifies is being considered to take over the**
9 **production by the employer.**

10 **(4) A significant disparity is identified, using best available**
11 **data, in the costs of production for the applicant compared**
12 **with the costs of production in the competing state or country,**
13 **including the impact of the competing state's or country's**
14 **incentive programs.**

15 **(5) The political subdivisions affected by the applicant have**
16 **committed significant local incentives with respect to the**
17 **applicant.**

18 **(6) Receiving the grant is a major factor in the applicant's**
19 **decision to retain employees in the county and not receiving**
20 **the grant will result in the applicant not retaining jobs in**
21 **Indiana.**

22 **(7) Awarding the grant will result in an overall positive fiscal**
23 **impact to the state, as certified by the budget agency using the**
24 **best available data.**

25 **(g) The council shall determine the number of retained**
26 **employees to be used in calculating the incremental income tax**
27 **withholdings that will be used in determining the grant under this**
28 **section.**

29 **(h) The executive of a town described in subsection (b) may**
30 **include grants allowed under this section in the town's capital**
31 **improvement plan required under section 15 of this chapter.**

32 **SECTION 23. IC 8-22-3.5-9 IS AMENDED TO READ AS**
33 **FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) As used in this**
34 **section, "base assessed value" means:**

35 **(1) the net assessed value of all the tangible property as finally**
36 **determined for the assessment date immediately preceding the**
37 **effective date of the allocation provision of the commission's**
38 **resolution adopted under section 5 of this chapter; plus**

39 **(2) to the extent it is not included in subdivision (1), the net**
40 **assessed value of property that is assessed as residential property**
41 **under the rules of the state board of tax commissioners, as finally**
42 **determined for any assessment date after the effective date of the**



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- 1 allocation provision.
- 2 However, subdivision (2) applies only to an airport development zone
- 3 established after June 30, 1997, and the portion of an airport
- 4 development zone established before June 30, 1997, that is added to an
- 5 existing airport development zone.
- 6 (b) Except in a county described in section 1(5) of this chapter, a
- 7 resolution adopted under section 5 of this chapter and confirmed under
- 8 section 6 of this chapter must include a provision with respect to the
- 9 allocation and distribution of property taxes for the purposes and in the
- 10 manner provided in this section.
- 11 (c) The allocation provision must:
- 12 (1) apply to the entire airport development zone; and
- 13 (2) require that any property tax on taxable tangible property
- 14 subsequently levied by or for the benefit of any public body
- 15 entitled to a distribution of property taxes in the airport
- 16 development zone be allocated and distributed as provided in
- 17 subsections (d) and (e).
- 18 (d) Except in a county described in section 1(5) of this chapter, and
- 19 as otherwise provided in this section, the proceeds of the taxes
- 20 attributable to the lesser of:
- 21 (1) the assessed value of the tangible property for the assessment
- 22 date with respect to which the allocation and distribution is made;
- 23 or
- 24 (2) the base assessed value;
- 25 shall be allocated and, when collected, paid into the funds of the
- 26 respective taxing units.
- 27 (e) Except in a county described in section 1(5) of this chapter, all
- 28 of the property tax proceeds in excess of those described in subsection
- 29 (d) shall be allocated to the eligible entity for the airport development
- 30 zone and, when collected, paid into special funds as follows:
- 31 (1) The commission may determine that a portion of tax proceeds
- 32 shall be allocated to a training grant fund to be expended by the
- 33 commission without appropriation solely for the purpose of
- 34 reimbursing training expenses incurred by public or private
- 35 entities in the training of employees for the qualified airport
- 36 development project.
- 37 (2) Except as provided in subsection (f), all remaining tax
- 38 proceeds shall be allocated to a debt service fund and dedicated
- 39 to the payment of principal and interest on revenue bonds of the
- 40 airport authority for a qualified airport development project or to
- 41 the payment of leases for a qualified airport development project.
- 42 (f) Except in a county described in section 1(5) of this chapter, if the

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1 tax proceeds allocated to the debt service fund exceed the amount
2 necessary to:

- 3 (1) pay principal and interest on airport authority revenue bonds;
4 (2) pay lease rentals on leases of a qualified airport development
5 project; or
6 (3) create, maintain, or restore a reserve for airport authority
7 revenue bonds or for lease rentals or leases of a qualified airport
8 development project;

9 the excess over that amount shall be paid to the respective taxing units
10 in the manner prescribed by subsection (d).

11 (g) Except in a county described in section 1(5) of this chapter,
12 when money in the debt service fund is sufficient to pay all outstanding
13 principal and interest (to the earliest date on which the obligations can
14 be redeemed) on revenue bonds issued by the airport authority for the
15 financing of qualified airport development projects and all lease rentals
16 payable on leases of qualified airport development projects, money in
17 the debt service fund in excess of that amount shall be paid to the
18 respective taxing units in the manner prescribed by subsection (d).

19 (h) Except in a county described in section 1(5) of this chapter,
20 property tax proceeds allocable to the debt service fund under
21 subsection (e)(2) must, subject to subsection (g), be irrevocably
22 pledged by the eligible entity for the purpose set forth in subsection
23 (e)(2).

24 (i) Except in a county described in section 1(5) of this chapter, and
25 notwithstanding any other law, each assessor shall, upon petition of the
26 commission, reassess the taxable tangible property situated upon or in,
27 or added to, the airport development zone effective on the next
28 assessment date after the petition.

29 (j) Except in a county described in section 1(5) of this chapter, and
30 notwithstanding any other law, the assessed value of all taxable
31 tangible property in the airport development zone, for purposes of tax
32 limitation, property tax replacement, and formulation of the budget, tax
33 rate, and tax levy for each political subdivision in which the property
34 is located is the lesser of:

- 35 (1) the assessed value of the tangible property as valued without
36 regard to this section; or
37 (2) the base assessed value.

38 **(k) Notwithstanding any other provision, an allocation provision**
39 **in a resolution adopted under this chapter before July 1, 1999,**
40 **expires not later than the latest date that an obligation that is**
41 **outstanding on July 1, 1999, and that is payable from allocated**
42 **taxes is scheduled to be retired. An allocation provision in a**

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1 **resolution adopted under this chapter after June 30, 1999, must**
 2 **specify an expiration date for the allocation provision that may not**
 3 **be more than thirty (30) years after the date on which the**
 4 **resolution is adopted.**

5 SECTION 24. IC 36-7-14-39 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 39. (a) As used in this
 7 section:

8 "Allocation area" means that part of a blighted area to which an
 9 allocation provision of a declaratory resolution adopted under section
 10 15 of this chapter refers for purposes of distribution and allocation of
 11 property taxes.

12 "Base assessed value" means the following:

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

16 (A) the net assessed value of all the property as finally
 17 determined for the assessment date immediately preceding the
 18 effective date of the allocation provision of the declaratory
 19 resolution, as adjusted under subsection (h); plus

20 (B) to the extent that it is not included in clause (A), the net
 21 assessed value of property that is assessed as residential
 22 property under the rules of the state board of tax
 23 commissioners, as finally determined for any assessment date
 24 after the effective date of the allocation provision.

25 (2) If an allocation provision is adopted after June 30, 1997, in a
 26 declaratory resolution or an amendment to a declaratory
 27 resolution establishing a blighted area:

28 (A) the net assessed value of all the property as finally
 29 determined for the assessment date immediately preceding the
 30 effective date of the allocation provision of the declaratory
 31 resolution, as adjusted under subsection (h); plus

32 (B) to the extent that it is not included in clause (A), the net
 33 assessed value of property that is assessed as residential
 34 property under the rules of the state board of tax
 35 commissioners, as finally determined for any assessment date
 36 after the effective date of the allocation provision.

37 (3) If:

38 (A) an allocation provision adopted before June 30, 1995, in
 39 a declaratory resolution or an amendment to a declaratory
 40 resolution establishing a blighted area expires after June 30,
 41 1997; and

42 (B) after June 30, 1997, a new allocation provision is included

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1 in an amendment to the declaratory resolution;
 2 the net assessed value of all the property as finally determined for
 3 the assessment date immediately preceding the effective date of
 4 the allocation provision adopted after June 30, 1997, as adjusted
 5 under subsection (h).

6 (4) Except as provided in subdivision (5), for all other allocation
 7 areas, the net assessed value of all the property as finally
 8 determined for the assessment date immediately preceding the
 9 effective date of the allocation provision of the declaratory
 10 resolution, as adjusted under subsection (h).

11 (5) If an allocation area established in an economic development
 12 area before July 1, 1995, is expanded after June 30, 1995, the
 13 definition in subdivision (1) applies to the expanded portion of the
 14 area added after June 30, 1995.

15 (6) If an allocation area established in a blighted area before July
 16 1, 1997, is expanded after June 30, 1997, the definition in
 17 subdivision (2) applies to the expanded portion of the area added
 18 after June 30, 1997.

19 Except as provided in section 39.3 of this chapter, "property taxes"
 20 means taxes imposed under IC 6-1.1 on real property. However, upon
 21 approval by a resolution of the redevelopment commission adopted
 22 before June 1, 1987, "property taxes" also includes taxes imposed
 23 under IC 6-1.1 on depreciable personal property. If a redevelopment
 24 commission adopted before June 1, 1987, a resolution to include within
 25 the definition of property taxes taxes imposed under IC 6-1.1 on
 26 depreciable personal property that has a useful life in excess of eight
 27 (8) years, the commission may by resolution determine the percentage
 28 of taxes imposed under IC 6-1.1 on all depreciable personal property
 29 that will be included within the definition of property taxes. However,
 30 the percentage included must not exceed twenty-five percent (25%) of
 31 the taxes imposed under IC 6-1.1 on all depreciable personal property.

32 (b) A declaratory resolution adopted under section 15 of this chapter
 33 before January 1, 2006, may include a provision with respect to the
 34 allocation and distribution of property taxes for the purposes and in the
 35 manner provided in this section. A declaratory resolution previously
 36 adopted may include an allocation provision by the amendment of that
 37 declaratory resolution before January 1, 2006, in accordance with the
 38 procedures required for its original adoption. A declaratory resolution
 39 or an amendment that establishes an allocation provision after June 30,
 40 1995, **and before July 1, 1999**, must specify an expiration date for the
 41 allocation provision that may not be more than thirty (30) years after
 42 the date on which the allocation provision is established. However, if



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1 bonds or other obligations that were scheduled when issued to mature
 2 before the specified expiration date, ~~and~~ that are payable only from
 3 allocated tax proceeds with respect to the allocation area, **and that**
 4 **were outstanding on July 1, 1999**, remain outstanding as of the
 5 expiration date, the allocation provision does not expire until all of the
 6 bonds or other obligations are no longer outstanding. **Notwithstanding**
 7 **any other provision, an allocation provision established before July**
 8 **1, 1999, expires not later than the latest date that a bond or**
 9 **obligation outstanding on July 1, 1999, and payable from allocated**
 10 **taxes is scheduled to be retired. A declaratory resolution or an**
 11 **amendment that establishes an allocation provision after June 30,**
 12 **1999, must specify an expiration date for the allocation provision**
 13 **that may not be more than thirty (30) years after the date on which**
 14 **the allocation provision is established.** The allocation provision may
 15 apply to all or part of the blighted area. The allocation provision must
 16 require that any property taxes subsequently levied by or for the benefit
 17 of any public body entitled to a distribution of property taxes on taxable
 18 property in the allocation area be allocated and distributed as follows:

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

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

24 (B) the base assessed value;

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

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

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

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

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



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- 1 (D) Pay the principal of and interest on bonds issued by the
 2 unit to pay for local public improvements in or serving that
 3 allocation area.
- 4 (E) Pay premiums on the redemption before maturity of bonds
 5 payable solely or in part from allocated tax proceeds in that
 6 allocation area.
- 7 (F) Make payments on leases payable from allocated tax
 8 proceeds in that allocation area under section 25.2 of this
 9 chapter.
- 10 (G) Reimburse the unit for expenditures made by it for local
 11 public improvements (which include buildings, parking
 12 facilities, and other items described in section 25.1(a) of this
 13 chapter) in or serving that allocation area.
- 14 (H) Reimburse the unit for rentals paid by it for a building or
 15 parking facility in or serving that allocation area under any
 16 lease entered into under IC 36-1-10.
- 17 (I) Pay all or a portion of a property tax replacement credit to
 18 taxpayers in an allocation area as determined by the
 19 redevelopment commission. This credit equals the amount
 20 determined under the following STEPS for each taxpayer in a
 21 taxing district (as defined in IC 6-1.1-1-20) that contains all or
 22 part of the allocation area:
- 23 STEP ONE: Determine that part of the sum of the amounts
 24 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 25 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 26 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
- 27 STEP TWO: Divide:
- 28 (A) that part of twenty percent (20%) of each county's total
 29 county tax levy payable that year as determined under
 30 IC 6-1.1-21-4 that is attributable to the taxing district; by
 31 (B) the STEP ONE sum.
- 32 STEP THREE: Multiply:
- 33 (A) the STEP TWO quotient; times
 34 (B) the total amount of the taxpayer's property taxes levied
 35 in the taxing district that have been allocated during that
 36 year to an allocation fund under this section.
- 37 If not all the taxpayers in an allocation area receive the credit
 38 in full, each taxpayer in the allocation area is entitled to
 39 receive the same proportion of the credit. A taxpayer may not
 40 receive a credit under this section and a credit under section
 41 39.5 of this chapter in the same year.
- 42 (J) Pay expenses incurred by the redevelopment commission

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1 for local public improvements that are in the allocation area or
 2 serving the allocation area. Public improvements include
 3 buildings, parking facilities, and other items described in
 4 section 25.1(a) of this chapter.

5 (K) Reimburse public and private entities for expenses
 6 incurred in training employees of industrial facilities that are
 7 located:

8 (i) in the allocation area; and

9 (ii) on a parcel of real property that has been classified as
 10 industrial property under the rules of the state board of tax
 11 commissioners.

12 However, the total amount of money spent for this purpose in
 13 any year may not exceed the total amount of money in the
 14 allocation fund that is attributable to property taxes paid by the
 15 industrial facilities described in this clause. The
 16 reimbursements under this clause must be made within three
 17 (3) years after the date on which the investments that are the
 18 basis for the increment financing are made.

19 The allocation fund may not be used for operating expenses of the
 20 commission.

21 (3) Except as provided in subsection (g), before July 15 of each
 22 year the commission shall do the following:

23 (A) Determine the amount, if any, by which the base assessed
 24 value when multiplied by the estimated tax rate of the
 25 allocation area will exceed the amount of assessed value
 26 needed to produce the property taxes necessary to make, when
 27 due, principal and interest payments on bonds described in
 28 subdivision (2) plus the amount necessary for other purposes
 29 described in subdivision (2).

30 (B) Notify the county auditor of the amount, if any, of the
 31 amount of excess assessed value that the commission has
 32 determined may be allocated to the respective taxing units in
 33 the manner prescribed in subdivision (1). The commission
 34 may not authorize an allocation of assessed value to the
 35 respective taxing units under this subdivision if to do so would
 36 endanger the interests of the holders of bonds described in
 37 subdivision (2) or lessors under section 25.3 of this chapter.

38 (c) For the purpose of allocating taxes levied by or for any taxing
 39 unit or units, the assessed value of taxable property in a territory in the
 40 allocation area that is annexed by any taxing unit after the effective
 41 date of the allocation provision of the declaratory resolution is the
 42 lesser of:



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- 1 (1) the assessed value of the property for the assessment date with
 2 respect to which the allocation and distribution is made; or
 3 (2) the base assessed value.
- 4 (d) Property tax proceeds allocable to the redevelopment district
 5 under subsection (b)(2) may, subject to subsection (b)(3), be
 6 irrevocably pledged by the redevelopment district for payment as set
 7 forth in subsection (b)(2).
- 8 (e) Notwithstanding any other law, each assessor shall, upon
 9 petition of the redevelopment commission, reassess the taxable
 10 property situated upon or in, or added to, the allocation area, effective
 11 on the next assessment date after the petition.
- 12 (f) Notwithstanding any other law, the assessed value of all taxable
 13 property in the allocation area, for purposes of tax limitation, property
 14 tax replacement, and formulation of the budget, tax rate, and tax levy
 15 for each political subdivision in which the property is located is the
 16 lesser of:
 17 (1) the assessed value of the property as valued without regard to
 18 this section; or
 19 (2) the base assessed value.
- 20 (g) If any part of the allocation area is located in an enterprise zone
 21 created under IC 4-4-6.1, the unit that designated the allocation area
 22 shall create funds as specified in this subsection. A unit that has
 23 obligations, bonds, or leases payable from allocated tax proceeds under
 24 subsection (b)(2) shall establish an allocation fund for the purposes
 25 specified in subsection (b)(2) and a special zone fund. Such a unit
 26 shall, until the end of the enterprise zone phase out period, deposit each
 27 year in the special zone fund any amount in the allocation fund derived
 28 from property tax proceeds in excess of those described in subsection
 29 (b)(1) from property located in the enterprise zone that exceeds the
 30 amount sufficient for the purposes specified in subsection (b)(2) for the
 31 year. The amount sufficient for purposes specified in subsection (b)(2)
 32 for the year shall be determined based on the pro rata portion of such
 33 current property tax proceeds from the portion of the enterprise zone
 34 that is within the allocation area as compared to all such current
 35 property tax proceeds derived from the allocation area. A unit that has
 36 no obligations, bonds, or leases payable from allocated tax proceeds
 37 under subsection (b)(2) shall establish a special zone fund and deposit
 38 all the property tax proceeds in excess of those described in subsection
 39 (b)(1) in the fund derived from property tax proceeds in excess of those
 40 described in subsection (b)(1) from property located in the enterprise
 41 zone. The unit that creates the special zone fund shall use the fund
 42 (based on the recommendations of the urban enterprise association) for



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1 programs in job training, job enrichment, and basic skill development
 2 that are designed to benefit residents and employers in the enterprise
 3 zone or other purposes specified in subsection (b)(2), except that where
 4 reference is made in subsection (b)(2) to allocation area it shall refer
 5 for purposes of payments from the special zone fund only to that
 6 portion of the allocation area that is also located in the enterprise zone.
 7 Those programs shall reserve at least one-half (1/2) of their enrollment
 8 in any session for residents of the enterprise zone.

9 (h) The state board of accounts and state board of tax
 10 commissioners shall make the rules and prescribe the forms and
 11 procedures that they consider expedient for the implementation of this
 12 chapter. After each general reassessment under IC 6-1.1-4, the state
 13 board of tax commissioners shall adjust the base assessed value one (1)
 14 time to neutralize any effect of the general reassessment on the
 15 property tax proceeds allocated to the redevelopment district under this
 16 section. However, the adjustment may not include the effect of property
 17 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 18 produce less property tax proceeds allocable to the redevelopment
 19 district under subsection (b)(2) than would otherwise have been
 20 received if the general reassessment had not occurred. The state board
 21 of tax commissioners may prescribe procedures for county and
 22 township officials to follow to assist the state board in making the
 23 adjustments.

24 SECTION 25. IC 36-7-14.5-12.5 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12.5. (a) This section
 26 applies only to an authority in a county having a United States
 27 government military base that is scheduled for closing or is completely
 28 or partially inactive or closed.

29 (b) In order to accomplish the purposes set forth in section 11(b) of
 30 this chapter, an authority may create an economic development area:

31 (1) by following the procedures set forth in IC 36-7-14-41 for the
 32 establishment of an economic development area by a
 33 redevelopment commission; and

34 (2) with the same effect as if the economic development area was
 35 created by a redevelopment commission.

36 However, an authority may not include in an economic development
 37 area created under this section any area that was declared a blighted
 38 area, an urban renewal area, or an economic development area under
 39 IC 36-7-14.

40 (c) In order to accomplish the purposes set forth in section 11(b) of
 41 this chapter, an authority may do the following in a manner that serves
 42 an economic development area created under this section:



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- 1 (1) Acquire by purchase, exchange, gift, grant, condemnation, or
- 2 lease, or any combination of methods, any personal property or
- 3 interest in real property needed for the redevelopment of
- 4 economic development areas located within the corporate
- 5 boundaries of the unit.
- 6 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
- 7 other instrument), exchange, lease, rent, or otherwise dispose of
- 8 property acquired for use in the redevelopment of economic
- 9 development areas on the terms and conditions that the authority
- 10 considers best for the unit and the unit's inhabitants.
- 11 (3) Sell, lease, or grant interests in all or part of the real property
- 12 acquired for redevelopment purposes to any other department of
- 13 the unit or to any other governmental agency for public ways,
- 14 levees, sewerage, parks, playgrounds, schools, and other public
- 15 purposes on any terms that may be agreed on.
- 16 (4) Clear real property acquired for redevelopment purposes.
- 17 (5) Repair and maintain structures acquired for redevelopment
- 18 purposes.
- 19 (6) Remodel, rebuild, enlarge, or make major structural
- 20 improvements on structures acquired for redevelopment purposes.
- 21 (7) Survey or examine any land to determine whether the land
- 22 should be included within an economic development area to be
- 23 acquired for redevelopment purposes and to determine the value
- 24 of that land.
- 25 (8) Appear before any other department or agency of the unit, or
- 26 before any other governmental agency in respect to any matter
- 27 affecting:
- 28 (A) real property acquired or being acquired for
- 29 redevelopment purposes; or
- 30 (B) any economic development area within the jurisdiction of
- 31 the authority.
- 32 (9) Institute or defend in the name of the unit any civil action, but
- 33 all actions against the authority must be brought in the circuit or
- 34 superior court of the county where the authority is located.
- 35 (10) Use any legal or equitable remedy that is necessary or
- 36 considered proper to protect and enforce the rights of and perform
- 37 the duties of the authority.
- 38 (11) Exercise the power of eminent domain in the name of and
- 39 within the corporate boundaries of the unit subject to the same
- 40 conditions and procedures that apply to the exercise of the power
- 41 of eminent domain by a redevelopment commission under
- 42 IC 36-7-14.

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- 1 (12) Appoint an executive director, appraisers, real estate experts,
- 2 engineers, architects, surveyors, and attorneys.
- 3 (13) Appoint clerks, guards, laborers, and other employees the
- 4 authority considers advisable, except that those appointments
- 5 must be made in accordance with the merit system of the unit if
- 6 such a system exists.
- 7 (14) Prescribe the duties and regulate the compensation of
- 8 employees of the authority.
- 9 (15) Provide a pension and retirement system for employees of
- 10 the authority by using the public employees' retirement fund or a
- 11 retirement plan approved by the United States Department of
- 12 Housing and Urban Development.
- 13 (16) Discharge and appoint successors to employees of the
- 14 authority subject to subdivision (13).
- 15 (17) Rent offices for use of the department or authority, or accept
- 16 the use of offices furnished by the unit.
- 17 (18) Equip the offices of the authority with the necessary
- 18 furniture, furnishings, equipment, records, and supplies.
- 19 (19) Design, order, contract for, and construct, reconstruct,
- 20 improve, or renovate the following:
- 21 (A) Any local public improvement or structure that is
- 22 necessary for redevelopment purposes or economic
- 23 development within the corporate boundaries of the unit.
- 24 (B) Any structure that enhances development or economic
- 25 development.
- 26 (20) Contract for the construction, extension, or improvement of
- 27 pedestrian skyways (as defined in IC 36-7-14-12.2(c)).
- 28 (21) Accept loans, grants, and other forms of financial assistance
- 29 from, or contract with, the federal government, the state
- 30 government, a municipal corporation, a special taxing district, a
- 31 foundation, or any other source.
- 32 (22) Make and enter into all contracts and agreements necessary
- 33 or incidental to the performance of the duties of the authority and
- 34 the execution of the powers of the authority under this chapter.
- 35 (23) Take any action necessary to implement the purpose of the
- 36 authority.
- 37 (24) Provide financial assistance, in the manner that best serves
- 38 the purposes set forth in section 11(b) of this chapter, including
- 39 grants and loans, to enable private enterprise to develop,
- 40 redevelop, and reuse military base property or otherwise enable
- 41 private enterprise to provide social and economic benefits to the
- 42 citizens of the unit.

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1 (d) An authority may designate all or a portion of an economic
2 development area created under this section as an allocation area by
3 following the procedures set forth in IC 36-7-14-39 for the
4 establishment of an allocation area by a redevelopment commission.
5 The allocation provision may modify the definition of "property taxes"
6 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the
7 depreciable personal property located and taxable on the site of
8 operations of designated taxpayers in accordance with the procedures
9 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
10 applies to such a modification. An allocation area established by an
11 authority under this section is a special taxing district authorized by the
12 general assembly to enable the unit to provide special benefits to
13 taxpayers in the allocation area by promoting economic development
14 that is of public use and benefit. For allocation areas established for an
15 economic development area created under this section after June 30,
16 1997, and to the expanded portion of an allocation area for an
17 economic development area that was established before June 30, 1997,
18 and that is expanded under this section after June 30, 1997, the net
19 assessed value of property that is assessed as residential property under
20 the rules of the state board of tax commissioners, as finally determined
21 for any assessment date, must be allocated. All of the provisions of
22 IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an
23 allocation area created under this section, except that the authority shall
24 be vested with the rights and duties of a commission as referenced in
25 those sections, and except that, notwithstanding IC 36-7-14-39(b)(2),
26 property tax proceeds paid into the allocation fund may be used by the
27 authority only to do one (1) or more of the following:

28 (1) Pay the principal of and interest and redemption premium on
29 any obligations incurred by the special taxing district or any other
30 entity for the purpose of financing or refinancing military base
31 reuse activities in or serving or benefitting that allocation area.

32 (2) Establish, augment, or restore the debt service reserve for
33 obligations payable solely or in part from allocated tax proceeds
34 in that allocation area or from other revenues of the authority
35 (including lease rental revenues).

36 (3) Make payments on leases payable solely or in part from
37 allocated tax proceeds in that allocation area.

38 (4) Reimburse any other governmental body for expenditures
39 made by it for local public improvements or structures in or
40 serving or benefitting that allocation area.

41 (5) Pay all or a portion of a property tax replacement credit to
42 taxpayers in an allocation area as determined by the authority.



1 This credit equals the amount determined under the following
 2 STEPS for each taxpayer in a taxing district (as defined in
 3 IC 6-1.1-1-20) that contains all or part of the allocation area:

4 STEP ONE: Determine that part of the sum of the amounts
 5 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 6 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 7 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

8 STEP TWO: Divide:

9 (A) that part of the twenty percent (20%) of each county's
 10 total county tax levy payable that year as determined under
 11 IC 6-1.1-21-4 that is attributable to the taxing district; by

12 (B) the STEP ONE sum.

13 STEP THREE: Multiply:

14 (A) the STEP TWO quotient; by

15 (B) the total amount of the taxpayer's property taxes levied
 16 in the taxing district that have been allocated during that
 17 year to an allocation fund under this section.

18 If not all the taxpayers in an allocation area receive the credit in
 19 full, each taxpayer in the allocation area is entitled to receive the
 20 same proportion of the credit. A taxpayer may not receive a credit
 21 under this section and a credit under IC 36-7-14-39.5 in the same
 22 year.

23 (6) Pay expenses incurred by the authority for local public
 24 improvements or structures that are in the allocation area or
 25 serving or benefiting the allocation area.

26 (7) Reimburse public and private entities for expenses incurred in
 27 training employees of industrial facilities that are located:

28 (A) in the allocation area; and

29 (B) on a parcel of real property that has been classified as
 30 industrial property under the rules of the state board of tax
 31 commissioners.

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

40 (e) In addition to other methods of raising money for property
 41 acquisition, redevelopment, or economic development activities in or
 42 directly serving or benefitting an economic development area created

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1 by an authority under this section, and in anticipation of the taxes
 2 allocated under subsection (d), other revenues of the authority, or any
 3 combination of these sources, the authority may, by resolution, issue
 4 the bonds of the special taxing district in the name of the unit. Bonds
 5 issued under this section may be issued in any amount without
 6 limitation. The following apply if such a resolution is adopted:

7 (1) The authority shall certify a copy of the resolution authorizing
 8 the bonds to the municipal or county fiscal officer, who shall then
 9 prepare the bonds. The seal of the unit must be impressed on the
 10 bonds, or a facsimile of the seal must be printed on the bonds.

11 (2) The bonds must be executed by the appropriate officer of the
 12 unit and attested by the unit's fiscal officer.

13 (3) The bonds are exempt from taxation for all purposes.

14 (4) Bonds issued under this section may be sold at public sale in
 15 accordance with IC 5-1-11 or at a negotiated sale.

16 (5) The bonds are not a corporate obligation of the unit but are an
 17 indebtedness of the taxing district. The bonds and interest are
 18 payable, as set forth in the bond resolution of the authority:

19 (A) from the tax proceeds allocated under subsection (d);

20 (B) from other revenues available to the authority; or

21 (C) from a combination of the methods stated in clauses (A)
 22 and (B).

23 (6) Proceeds from the sale of bonds may be used to pay the cost
 24 of interest on the bonds for a period not to exceed five (5) years
 25 from the date of issuance.

26 (7) Laws relating to the filing of petitions requesting the issuance
 27 of bonds and the right of taxpayers to remonstrate against the
 28 issuance of bonds do not apply to bonds issued under this section.

29 (8) If a debt service reserve is created from the proceeds of bonds,
 30 the debt service reserve may be used to pay principal and interest
 31 on the bonds as provided in the bond resolution.

32 (9) If bonds are issued under this chapter that are payable solely
 33 or in part from revenues to the authority from a project or
 34 projects, the authority may adopt a resolution or trust indenture or
 35 enter into covenants as is customary in the issuance of revenue
 36 bonds. The resolution or trust indenture may pledge or assign the
 37 revenues from the project or projects. The resolution or trust
 38 indenture may also contain any provisions for protecting and
 39 enforcing the rights and remedies of the bond owners as may be
 40 reasonable and proper and not in violation of law, including
 41 covenants setting forth the duties of the authority. The authority
 42 may establish fees and charges for the use of any project and



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1 covenant with the owners of any bonds to set those fees and
 2 charges at a rate sufficient to protect the interest of the owners of
 3 the bonds. Any revenue bonds issued by the authority that are
 4 payable solely from revenues of the authority shall contain a
 5 statement to that effect in the form of bond.

6 (f) Notwithstanding section 8(a) of this chapter, an ordinance
 7 adopted under section 11(b) of this chapter may provide, or be
 8 amended to provide, that the board of directors of the authority shall be
 9 composed of not fewer than three (3) nor more than seven (7)
 10 members, who must be residents of the unit appointed by the executive
 11 of the unit.

12 (g) The acquisition of real and personal property by an authority
 13 under this section is not subject to the provisions of IC 5-22,
 14 IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the
 15 purchase of property by public bodies or their agencies.

16 (h) An authority may negotiate for the sale, lease, or other
 17 disposition of real and personal property without complying with the
 18 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other
 19 statute governing the disposition of public property.

20 (i) Notwithstanding any other law, utility services provided within
 21 an economic development area established under this section are
 22 subject to regulation by the appropriate regulatory agencies unless the
 23 utility service is provided by a utility that provides utility service solely
 24 within the geographic boundaries of an existing or a closed military
 25 installation, in which case the utility service is not subject to regulation
 26 for purposes of rate making, regulation, service delivery, or issuance of
 27 bonds or other forms of indebtedness. However, this exemption from
 28 regulation does not apply to utility service if the service is generated,
 29 treated, or produced outside the boundaries of the existing or closed
 30 military installation.

31 **(j) Notwithstanding any other provision, an allocation provision**
 32 **in a resolution adopted under this chapter before July 1, 1999,**
 33 **expires not later than the latest date that an obligation that is**
 34 **outstanding on July 1, 1999, and that is payable from allocated**
 35 **taxes is scheduled to be retired. An allocation provision in a**
 36 **resolution adopted under this chapter after June 30, 1999, must**
 37 **specify an expiration date for the allocation provision that may not**
 38 **be more than thirty (30) years after the date on which the**
 39 **resolution is adopted.**

40 SECTION 26. IC 36-7-15.1-26 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) As used in this
 42 section:

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1 "Allocation area" means that part of a blighted area to which an
 2 allocation provision of a resolution adopted under section 8 of this
 3 chapter refers for purposes of distribution and allocation of property
 4 taxes.

5 "Base assessed value" means the following:

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

9 (A) the net assessed value of all the property as finally
 10 determined for the assessment date immediately preceding the
 11 effective date of the allocation provision of the declaratory
 12 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 state board of tax
 16 commissioners, as finally determined for any assessment date
 17 after the effective date of the allocation provision.

18 (2) If an allocation provision is adopted after June 30, 1997, in a
 19 declaratory resolution or an amendment to a declaratory
 20 resolution establishing a blighted area:

21 (A) the net assessed value of all the property as finally
 22 determined for the assessment date immediately preceding the
 23 effective date of the allocation provision of the declaratory
 24 resolution, as adjusted under subsection (h); plus

25 (B) to the extent that it is not included in clause (A), the net
 26 assessed value of property that is assessed as residential
 27 property under the rules of the state board of tax
 28 commissioners, as finally determined for any assessment date
 29 after the effective date of the allocation provision.

30 (3) If:

31 (A) an allocation provision adopted before June 30, 1995, in
 32 a declaratory resolution or an amendment to a declaratory
 33 resolution establishing a blighted area expires after June 30,
 34 1997; and

35 (B) after June 30, 1997, a new allocation provision is included
 36 in an amendment to the declaratory resolution;

37 the net assessed value of all the property as finally determined for
 38 the assessment date immediately preceding the effective date of
 39 the allocation provision adopted after June 30, 1997, as adjusted
 40 under subsection (h).

41 (4) Except as provided in subdivision (5), for all other allocation
 42 areas, the net assessed value of all the property as finally

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1 determined for the assessment date immediately preceding the
 2 effective date of the allocation provision of the declaratory
 3 resolution, as adjusted under subsection (h).

4 (5) If an allocation area established in an economic development
 5 area before July 1, 1995, is expanded after June 30, 1995, the
 6 definition in subdivision (1) applies to the expanded portion of the
 7 area added after June 30, 1995.

8 (6) If an allocation area established in a blighted area before July
 9 1, 1997, is expanded after June 30, 1997, the definition in
 10 subdivision (2) applies to the expanded portion of the area added
 11 after June 30, 1997.

12 Except as provided in section 26.2 of this chapter, "property taxes"
 13 means taxes imposed under IC 6-1.1 on real property. However, upon
 14 approval by a resolution of the redevelopment commission adopted
 15 before June 1, 1987, "property taxes" also includes taxes imposed
 16 under IC 6-1.1 on depreciable personal property. If a redevelopment
 17 commission adopted before June 1, 1987, a resolution to include within
 18 the definition of property taxes taxes imposed under IC 6-1.1 on
 19 depreciable personal property that has a useful life in excess of eight
 20 (8) years, the commission may by resolution determine the percentage
 21 of taxes imposed under IC 6-1.1 on all depreciable personal property
 22 that will be included within the definition of property taxes. However,
 23 the percentage included must not exceed twenty-five percent (25%) of
 24 the taxes imposed under IC 6-1.1 on all depreciable personal property.

25 (b) A resolution adopted under section 8 of this chapter before
 26 January 1, 2006, may include a provision with respect to the allocation
 27 and distribution of property taxes for the purposes and in the manner
 28 provided in this section. A resolution previously adopted may include
 29 an allocation provision by the amendment of that resolution before
 30 January 1, 2006, in accordance with the procedures required for its
 31 original adoption. A declaratory resolution or an amendment that
 32 establishes an allocation provision after June 30, 1995, **and before**
 33 **July 1, 1999**, must specify an expiration date for the allocation
 34 provision that may not be more than thirty (30) years after the date on
 35 which the allocation provision is established. However, if bonds or
 36 other obligations that were scheduled when issued to mature before the
 37 specified expiration date, ~~and~~ that are payable only from allocated tax
 38 proceeds with respect to the allocation area, **and that were**
 39 **outstanding on July 1, 1999**, remain outstanding as of the expiration
 40 date, the allocation provision does not expire until all of the bonds or
 41 other obligations are no longer outstanding. **Notwithstanding any**
 42 **other provision, an allocation provision established before July 1,**



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1 **1999, expires not later than the latest date that a bond or other**
 2 **obligation outstanding on July 1, 1999, and payable from allocated**
 3 **taxes is scheduled to be retired. A declaratory resolution or an**
 4 **amendment that establishes an allocation provision after June 30,**
 5 **1999, must specify an expiration date for the allocation provision**
 6 **that may not be more than thirty (30) years after the date on which**
 7 **the allocation provision is established.** The allocation provision may
 8 apply to all or part of the blighted area. The allocation provision must
 9 require that any property taxes subsequently levied by or for the benefit
 10 of any public body entitled to a distribution of property taxes on taxable
 11 property in the allocation area be allocated and distributed as follows:

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

14 (A) the assessed value of the property for the assessment date
 15 with respect to which the allocation and distribution is made;
 16 or

17 (B) the base assessed value;

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

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

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

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

33 (C) Pay the principal of and interest on bonds payable from
 34 allocated tax proceeds in that allocation area and from the
 35 special tax levied under section 19 of this chapter.

36 (D) Pay the principal of and interest on bonds issued by the
 37 consolidated city to pay for local public improvements in that
 38 allocation area.

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

42 (F) Make payments on leases payable from allocated tax



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proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) 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 state board of tax commissioners.

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.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

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

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1 allocation area that is annexed by any taxing unit after the effective
 2 date of the allocation provision of the resolution is the lesser of:
 3 (1) the assessed value of the property for the assessment date with
 4 respect to which the allocation and distribution is made; or
 5 (2) the base assessed value.
 6 (d) Property tax proceeds allocable to the redevelopment district
 7 under subsection (b)(2) may, subject to subsection (b)(3), be
 8 irrevocably pledged by the redevelopment district for payment as set
 9 forth in subsection (b)(2).
 10 (e) Notwithstanding any other law, each assessor shall, upon
 11 petition of the commission, reassess the taxable property situated upon
 12 or in, or added to, the allocation area, effective on the next assessment
 13 date after the petition.
 14 (f) Notwithstanding any other law, the assessed value of all taxable
 15 property in the allocation area, for purposes of tax limitation, property
 16 tax replacement, and formulation of the budget, tax rate, and tax levy
 17 for each political subdivision in which the property is located is the
 18 lesser of:
 19 (1) the assessed value of the property as valued without regard to
 20 this section; or
 21 (2) the base assessed value.
 22 (g) If any part of the allocation area is located in an enterprise zone
 23 created under IC 4-4-6.1, the unit that designated the allocation area
 24 shall create funds as specified in this subsection. A unit that has
 25 obligations, bonds, or leases payable from allocated tax proceeds under
 26 subsection (b)(2) shall establish an allocation fund for the purposes
 27 specified in subsection (b)(2) and a special zone fund. Such a unit
 28 shall, until the end of the enterprise zone phase out period, deposit each
 29 year in the special zone fund the amount in the allocation fund derived
 30 from property tax proceeds in excess of those described in subsection
 31 (b)(1) from property located in the enterprise zone that exceeds the
 32 amount sufficient for the purposes specified in subsection (b)(2) for the
 33 year. A unit that has no obligations, bonds, or leases payable from
 34 allocated tax proceeds under subsection (b)(2) shall establish a special
 35 zone fund and deposit all the property tax proceeds in excess of those
 36 described in subsection (b)(1) in the fund derived from property tax
 37 proceeds in excess of those described in subsection (b)(1) from
 38 property located in the enterprise zone. The unit that creates the special
 39 zone fund shall use the fund, based on the recommendations of the
 40 urban enterprise association, for one (1) or more of the following
 41 purposes:
 42 (1) To pay for programs in job training, job enrichment, and basic

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1 skill development designed to benefit residents and employers in
 2 the enterprise zone. The programs must reserve at least one-half
 3 (1/2) of the enrollment in any session for residents of the
 4 enterprise zone.

5 (2) To make loans and grants for the purpose of stimulating
 6 business activity in the enterprise zone or providing employment
 7 for enterprise zone residents in the enterprise zone. These loans
 8 and grants may be made to the following:

9 (A) Businesses operating in the enterprise zone.

10 (B) Businesses that will move their operations to the enterprise
 11 zone if such a loan or grant is made.

12 (3) To provide funds to carry out other purposes specified in
 13 subsection (b)(2). However, where reference is made in
 14 subsection (b)(2) to the allocation area, the reference refers for
 15 purposes of payments from the special zone fund only to that
 16 portion of the allocation area that is also located in the enterprise
 17 zone.

18 (h) The state board of accounts and state board of tax
 19 commissioners shall make the rules and prescribe the forms and
 20 procedures that they consider expedient for the implementation of this
 21 chapter. After each general reassessment under IC 6-1.1-4, the state
 22 board of tax commissioners shall adjust the base assessed value one (1)
 23 time to neutralize any effect of the general reassessment on the
 24 property tax proceeds allocated to the redevelopment district under this
 25 section. However, the adjustment may not include the effect of property
 26 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 27 produce less property tax proceeds allocable to the redevelopment
 28 district under subsection (b)(2) than would otherwise have been
 29 received if the general reassessment had not occurred. The state board
 30 of tax commissioners may prescribe procedures for county and
 31 township officials to follow to assist the state board in making the
 32 adjustments.

33 SECTION 27. IC 36-7-30-34 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 1999]: **Sec. 34. (a) Notwithstanding any other**
 36 **provision, an allocation provision in a resolution adopted under**
 37 **this chapter before July 1, 1999, expires not later than the latest**
 38 **date that an obligation that is outstanding on July 1, 1999, and that**
 39 **is payable from allocated taxes is scheduled to be retired.**

40 (b) An allocation provision in a resolution adopted under this
 41 chapter after June 30, 1999, must specify an expiration date for the
 42 allocation provision that may not be more than thirty (30) years



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1 **after the date on which the resolution is adopted.**
2 SECTION 28. [EFFECTIVE JULY 1, 1999] IC 6-3.1-4-2, as
3 amended by this act, applies to taxable years beginning after
4 December 31, 1998.
5 SECTION 29. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1554, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and finance.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-10.9-6.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a)

"Educational facility project" includes:

(1) the acquisition of land, site improvements, infrastructure improvements, buildings, or structures, the rehabilitation, renovation, and enlargement of buildings and structures, machinery, equipment, furnishings, or facilities (or any combination of these):

(1) (A) comprising or being functionally related and subordinate to any aquaria, botanical societies, historical societies, libraries, museums, performing arts associations or societies, scientific societies, zoological societies, and independent elementary, secondary, or postsecondary schools (or any combination of these) that engages in the cultural, intellectual, scientific, educational, or artistic enrichment of the people of the state the development or expansion of which serves the purposes set forth in IC 4-4-11-2;

(2) (B) is not used or to be used primarily for sectarian instruction or study or as a place for devotional activities; and
(3) (C) is not used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(2) **funding (including a reimbursement or refinancing) by a nonprofit organization described in subsection (b) of:**

(A) real property;

(B) improvements;

(C) personal property;

(D) working capital;

(E) a liability; or

(F) a cost or other expenditure, other than an ordinary and recurring operating cost or expenditure.

(b) For purposes of subsection (a)(2), a nonprofit organization



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must be:

- (1) qualified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code; and
- (2) have headquarters or a primary educational or exhibit facility located on property owned by or titled in the name of the state of Indiana or an agency, commission, or instrumentality of the state of Indiana that serves the purposes set forth in IC 4-4-11-2.

SECTION 2. IC 4-4-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The legislature makes the following findings of fact:

- (1) That there currently exists in certain areas of the state critical conditions of unemployment or environmental pollution, including water pollution, air pollution, sewage and solid waste, radioactive waste, thermal pollution, radiation contamination, and noise pollution, and that these conditions may well exist, from time to time, in other areas of the state.
- (2) That in some areas of the state such conditions are chronic and of long standing and that without remedial measures they may become so in other areas of the state.
- (3) That economic insecurity due to unemployment or environmental pollution is a menace to the health, safety, morals, and general welfare of not only the people of the affected areas but of the people of the entire state.
- (4) That involuntary unemployment and its resulting burden of indigency falls with crushing force upon the unemployed worker and ultimately upon the state in the form of public assistance and unemployment compensation.
- (5) That security against unemployment and the resulting spread of indigency and economic stagnation in the areas affected can best be provided by:
 - (A) the promotion, attraction, stimulation, rehabilitation, and revitalization of industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products;
 - (B) the promotion and stimulation of international exports; and
 - (C) the education, both formal and informal, of people of all ages throughout the state by the promotion, attraction, construction, renovation, rehabilitation, and revitalization of **and assistance to** educational facility projects.
- (6) That the present and prospective health, safety, morals, right to gainful employment, and general welfare of the people of the



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state require as a public purpose the abatement or control of pollution, the promotion of increased educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) for people of all ages through new, expanded or revitalized educational facility projects, and the promotion of employment creation or retention through development of new and expanded industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products.

(7) That there is a need to stimulate a larger flow of private investment funds from commercial banks, investment bankers, insurance companies, other financial institutions, and individuals into such industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products in the state.

(8) That the authority can encourage the making of loans or leases for creation or expansion of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, thus putting a larger portion of the private capital available in Indiana for investment to use in the general economic development of the state.

(9) That the issuance of bonds of the authority to create a financing pool for industrial development projects promoting a substantial likelihood of opportunities for:

- (A) gainful employment;
- (B) business opportunities;
- (C) educational enrichment (including cultural, intellectual, scientific, or artistic opportunities);
- (D) the abatement, reduction, or prevention of pollution; or
- (E) the removal or treatment of any substances in materials being processed that otherwise would cause pollution when used;

will improve the health, safety, morals, and general welfare of the people of the state and constitutes a public purpose for which the authority shall exist and operate.

(10) That the issuance of bonds of the authority to create a funding source for the making of guaranteed participating loans will promote and encourage an expanding international exports market and international exports sales and will promote the general welfare of all of the people of Indiana by assisting Indiana

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businesses through stimulation of the expansion of international exports sales for Indiana products and services, especially those of small and medium-sized businesses, by providing financial assistance through the authority.

(b) The Indiana development finance authority shall exist and operate for the public purposes of:

- (1) promoting opportunities for gainful employment and business opportunities by the promotion and development of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, in any areas of the state;
- (2) promoting the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of all the people of the state by the promotion and development of educational facility projects;
- (3) promoting affordable farm credit and agricultural loan financing at interest rates that are consistent with the needs of borrowers for farming and agricultural enterprises; and
- (4) preventing and remediating environmental pollution, including water pollution, air pollution, sewage and solid waste disposal, radioactive waste, thermal pollution, radiation contamination, and noise pollution affecting the health and well being of the people of the state by the promotion and development of industrial development projects.

SECTION 3. IC 4-4-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The authority is granted all powers necessary or appropriate to carry out and effectuate its public and corporate purposes under this chapter, IC 4-4-21, and IC 15-7-5, including but not limited to the following:

- (1) Have perpetual succession as a body politic and corporate and an independent instrumentality exercising essential public functions.
- (2) Without complying with IC 4-22-2, adopt, amend, and repeal bylaws, rules, and regulations not inconsistent with this chapter, IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate its affairs and to carry into effect the powers, duties, and purposes of the authority and conduct its business.
- (3) Sue and be sued in its own name.
- (4) Have an official seal and alter it at will.
- (5) Maintain an office or offices at a place or places within the state as it may designate.



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(6) Make and execute contracts and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this chapter, IC 4-4-21, and IC 15-7-5.

(7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.

(9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by this chapter, IC 4-4-21, and IC 15-7-5.

(10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority or for reinsurance on amounts paid from the industrial development project guaranty fund, including the power to pay premiums on any insurance or reinsurance.

(11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of this chapter, IC 4-4-21, and IC 15-7-5, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any interest in real or personal property, wherever situated, for any purpose consistent with this chapter, IC 4-4-21, or IC 15-7-5.

(12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 15-7-4.9-2), rural development project (as defined

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in IC 15-7-4.9-19.5), industrial development project, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.

(13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases pursuant to this chapter, IC 4-4-21, and IC 15-7-5.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) Invest any funds not needed for immediate disbursement, including any funds held in reserve, in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state, or any obligations or securities which may from time to time be legally purchased by governmental subdivisions of this state pursuant to IC 5-13, or any obligations or securities which are permitted investments for bond proceeds or any construction, debt service, or reserve funds secured under the trust indenture or resolution pursuant to which bonds are issued.

(18) Collect fees and charges, as the authority determines to be

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reasonable, in connection with its loans, guarantees, advances, insurance, commitments, and servicing.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of this chapter, IC 4-4-21, or IC 15-7-5.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease, or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; **or**

(B) **working capital expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);**

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt

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obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules governing its activities authorized under this chapter, IC 4-4-21, and IC 15-7-5.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of this chapter or IC 4-4-21.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security

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agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Do any act necessary or convenient to the exercise of the powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

SECTION 4. IC 4-4-11-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The authority may enter into negotiations with one (1) or more persons concerning the terms and conditions of financing agreements for industrial development projects. The authority shall consider whether a proposed industrial development project may have an adverse competitive effect on similar industrial development projects already constructed or operating in the local governmental unit where the industrial development project will be located. Preliminary expenses in connection with negotiations under this section may be paid from:

- (1) money furnished by the proposed user or developer;
- (2) money made available by the state or federal government, or by any of their departments or agencies; or
- (3) money of the authority, exclusive of the industrial development project guaranty fund.

(b) The authority shall prepare a report that:



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- (1) briefly describes the proposed industrial development project;
- (2) estimates the number and expense of public works or services that would be made necessary or desirable by the proposed industrial development project, including public ways, schools, water, sewers, street lights, and fire protection;
- (3) estimates the total costs of the proposed industrial development project;
- (4) for an industrial development project that is not exclusively either a pollution control facility or an educational facility project, estimates the number of jobs and the payroll to be created or saved by the project;
- (5) for pollution control facilities, describes the facilities and how they will abate, reduce, or prevent pollution; and
- (6) for educational facility projects, describes ~~the facilities and~~ how the ~~facilities promote~~ **project promotes** the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of the people of the state.

The report shall be submitted to the executive director or chairman of the plan commission, if any, having jurisdiction over the industrial development project and, if the number of new jobs estimated exceeds one hundred (100), to the superintendent of the school corporation where the industrial development project will be located. The executive director or chairman of the plan commission and the school superintendent may formulate their written comments concerning the report and transmit their comments, if any, to the authority within five (5) days from the receipt of the report.

(c) The authority shall hold a public hearing, which may be conducted by the authority, or any officer, member, or agent designated thereby, on the proposed financing agreement for the industrial development project, after giving notice by publication in one (1) newspaper of general circulation in the city, town, or county where the industrial development project is to be located at least ten (10) days in advance of this public hearing.

(d) If the authority finds that the industrial development project will be of benefit to the health, safety, morals, and general welfare of the area where the industrial development project is to be located, and complies with the purposes and provisions of this chapter, it may by resolution approve the proposed financing agreement. This resolution may also authorize the issuance of bonds payable solely from revenues and receipts derived from the financing agreement or from payments made under an agreement to guarantee obligations of the developer, a user, a related person, or the authority by a developer, a user, a related



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person thereto, or the authority pursuant to the industrial development project guaranty fund. The bonds are not in any respect a general obligation of the state, nor are they payable in any manner from revenues raised by taxation.

(e) A financing agreement approved under this section must provide for payments in an amount sufficient to pay the principal of, premium, if any, and interest on the bonds authorized for the financing of the industrial development project. However, interest payments for the anticipated construction period, plus a period of not more than one (1) year, may be funded in the bond issue. The term of a financing agreement may not exceed fifty (50) years from the date of any bonds issued under the financing agreement. However, a financing agreement does not terminate after fifty (50) years if a default under that financing agreement remains uncured, unless the termination is authorized by the terms of the financing agreement. If the authority retains an interest in the industrial development project, the financing agreement must require the user or the developer to pay all costs of maintenance, repair, taxes, assessments, insurance premiums, trustee's fees, and any other expenses relating to the industrial development projects, so that the authority will not incur any expenses on account of the industrial development projects other than those that are covered by the payments provided for in the financing agreement."

Page 26, line 36, delete "and one-half".

Page 26, line 36, delete "(6.5%);" and insert "**(6%);**".

Page 27, line 6, delete "and one-half".

Page 27, line 6, delete "(6.5%)" and insert "**(6%)**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1554 as introduced.)

BAUER, Chair

Committee Vote: yeas 21, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 2, line 8, after "including" delete "a".

Page 2, line 10, after "property" insert "**and improvements**".

Page 2, delete lines 11 through 16, begin a new line double block indented and insert:

"(B) personal property; or

(C) non-capital costs to fund a judgment, settlement, or other cost or liability, other than an ordinary and recurring operating cost or expenditure."

Page 3, line 21, after "expanded" insert ",."

Page 3, line 22, after "projects" insert "**or through assisting educational facility projects**".

Page 4, line 32, after "promotion", strike "and" and insert ",."

Page 4, line 32, after "development" insert ", **and assistance**".

Page 8, line 14, after "(B)", delete "working capital" and insert "**eligible**".

Page 37, line 35, delete "2004" and insert "**2002**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

BAUER

 HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 37, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-39-10 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 1999]: **Sec. 10. (a) Notwithstanding any other provision, an allocation provision established under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired.**

(b) An allocation provision established or amended under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.

SECTION 20. IC 8-22-3.5-9 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) As used in this section, "base assessed value" means:

- (1) the net assessed value of all the tangible property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the commission's resolution adopted under section 5 of this chapter; plus
- (2) to the extent it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

However, subdivision (2) applies only to an airport development zone established after June 30, 1997, and the portion of an airport development zone established before June 30, 1997, that is added to an existing airport development zone.

(b) Except in a county described in section 1(5) of this chapter, a resolution adopted under section 5 of this chapter and confirmed under section 6 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section.

(c) The allocation provision must:

- (1) apply to the entire airport development zone; and
- (2) require that any property tax on taxable tangible property subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes in the airport development zone be allocated and distributed as provided in subsections (d) and (e).

(d) Except in a county described in section 1(5) of this chapter, and as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

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

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

(e) Except in a county described in section 1(5) of this chapter, all of the property tax proceeds in excess of those described in subsection (d) shall be allocated to the eligible entity for the airport development zone and, when collected, paid into special funds as follows:

- (1) The commission may determine that a portion of tax proceeds shall be allocated to a training grant fund to be expended by the

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commission without appropriation solely for the purpose of reimbursing training expenses incurred by public or private entities in the training of employees for the qualified airport development project.

(2) Except as provided in subsection (f), all remaining tax proceeds shall be allocated to a debt service fund and dedicated to the payment of principal and interest on revenue bonds of the airport authority for a qualified airport development project or to the payment of leases for a qualified airport development project.

(f) Except in a county described in section 1(5) of this chapter, if the tax proceeds allocated to the debt service fund exceed the amount necessary to:

- (1) pay principal and interest on airport authority revenue bonds;
- (2) pay lease rentals on leases of a qualified airport development project; or
- (3) create, maintain, or restore a reserve for airport authority revenue bonds or for lease rentals or leases of a qualified airport development project;

the excess over that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(g) Except in a county described in section 1(5) of this chapter, when money in the debt service fund is sufficient to pay all outstanding principal and interest (to the earliest date on which the obligations can be redeemed) on revenue bonds issued by the airport authority for the financing of qualified airport development projects and all lease rentals payable on leases of qualified airport development projects, money in the debt service fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(h) Except in a county described in section 1(5) of this chapter, property tax proceeds allocable to the debt service fund under subsection (e)(2) must, subject to subsection (g), be irrevocably pledged by the eligible entity for the purpose set forth in subsection (e)(2).

(i) Except in a county described in section 1(5) of this chapter, and notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable tangible property situated upon or in, or added to, the airport development zone effective on the next assessment date after the petition.

(j) Except in a county described in section 1(5) of this chapter, and notwithstanding any other law, the assessed value of all taxable tangible property in the airport development zone, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax

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rate, and tax levy for each political subdivision in which the property is located is the lesser of:

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

(k) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired. An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted.

SECTION 21. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 39. (a) As used in this section:

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

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.
- (2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net



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assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter

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before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, **and before July 1, 1999**, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date, ~~and~~ that are payable only from allocated tax proceeds with respect to the allocation area, **and that were outstanding on July 1, 1999**, remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. **Notwithstanding any other provision, an allocation provision established before July 1, 1999, expires not later than the latest date that a bond or obligation outstanding on July 1, 1999, and payable from allocated taxes is scheduled to be retired. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.** The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

(B) the base assessed value;

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

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

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

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

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that 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 in or serving that allocation area.

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

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

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of twenty percent (20%) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

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- (A) the STEP TWO quotient; times
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter 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 state board of tax commissioners.

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.

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

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

- (A) Determine the amount, if any, by which 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 make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).
- (B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in



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

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

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

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

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

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

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

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such

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current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 22. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a

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redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but

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all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary

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or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11(b) of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3 applies to such a modification. An allocation area established by an authority under this section is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the allocation area by promoting economic development that is of public use and benefit. For allocation areas established for an economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefitting that allocation area.

(2) Establish, augment, or restore the debt service reserve for



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obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefiting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the twenty percent (20%) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefiting the allocation area.

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

- (A) in the allocation area; and
- (B) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any

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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 clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made. The allocation fund may not be used for operating expenses of the authority.

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

- (1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.
- (2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.
- (3) The bonds are exempt from taxation for all purposes.
- (4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.
- (5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:
 - (A) from the tax proceeds allocated under subsection (d);
 - (B) from other revenues available to the authority; or
 - (C) from a combination of the methods stated in clauses (A) and (B).
- (6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.
- (7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers to remonstrate against the issuance of bonds do not apply to bonds issued under this section.
- (8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.
- (9) If bonds are issued under this chapter that are payable solely

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or in part from revenues to the authority from a project or projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11(b) of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than seven (7) members, who must be residents of the unit appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

(j) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999,

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expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired. An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted.

SECTION 23. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

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

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

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

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

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory

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resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, **and before**

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July 1, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date, ~~and~~ that are payable only from allocated tax proceeds with respect to the allocation area, **and that were outstanding on July 1, 1999**, remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. **Notwithstanding any other provision, an allocation provision established before July 1, 1999, expires not later than the latest date that a bond or other obligation outstanding on July 1, 1999, and payable from allocated taxes is scheduled to be retired. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.** The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

(B) the base assessed value;

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

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

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

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



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(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

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

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) 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 state board of tax commissioners.

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.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

- (A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes

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described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

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

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

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

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

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

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

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the

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year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.



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SECTION 24. IC 36-7-30-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 34. (a) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired.**

(b) An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted."

Re-number all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

BAUER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 37, between lines 39 and 40, begin a new paragraph and insert: "SECTION 19. IC 6-3.5-7-23 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 23. (a) This section applies in a county having a population of more than eighty-five thousand (85,000) but less than eighty-eight thousand (88,000).**

(b) As used in this section, "council" means the town council of a town having a population of more than nineteen thousand (19,000) but less than twenty thousand (20,000) in a county described in subsection (a).

(c) An employer may receive a grant for retaining employees at its location in the county if:

- (1) the county adopts the tax imposed under this chapter; and**
- (2) the employer is awarded a grant by the council under this section.**

(d) A grant awarded under this section is payable from the revenues of a tax imposed under this chapter that are received by the town. The council shall determine the terms, conditions, and the amount of the grant in the manner that the economic development for a growing economy board calculates tax credits under IC 6-3.1-13. The department of state revenue shall cooperate



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with the council and provide the information necessary to determine the amount of the grant under this section.

(e) To receive a grant under this chapter for retaining employees an employer must meet the following conditions:

- (1) The employer has had a location in the county for more than sixty-five (65) years.
- (2) The employer has more than four hundred fifty (450) employees at the location in the county.
- (3) The average wage for an hourly employee is at least twenty dollars (\$20) per hour.
- (4) The employer must commit to retain the same number of employees for at least ten (10) years or reimburse the county for the total amount of grants received if the employer does not comply with this commitment.

(f) After receipt of an application, the council may enter into an agreement with the applicant for a grant under this section if the council determines that all of the following conditions exist:

- (1) The applicant satisfies the conditions set forth in subsection (e).
- (2) The applicant is economically sound and will benefit the people of Indiana by retaining opportunities for employment and strengthening the economy of Indiana.
- (3) There is at least one (1) other state or country that the applicant verifies is being considered to take over the production by the employer.
- (4) A significant disparity is identified, using best available data, in the costs of production for the applicant compared with the costs of production in the competing state or country, including the impact of the competing state's or country's incentive programs.
- (5) The political subdivisions affected by the applicant have committed significant local incentives with respect to the applicant.
- (6) Receiving the grant is a major factor in the applicant's decision to retain employees in the county and not receiving the grant will result in the applicant not retaining jobs in Indiana.
- (7) Awarding the grant will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(g) The council shall determine the number of retained employees to be used in calculating the incremental income tax

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withholdings that will be used in determining the grant under this section.

(h) The executive of a town described in subsection (b) may include grants allowed under this section in the town's capital improvement plan required under section 15 of this chapter."

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

BOTTORFF

HOUSE MOTION

Mr. Speaker: I move that House Bill 1554 be amended to read as follows:

Page 13, line 12, after "the" insert "**city-county council. The legislative body may consider the recommendation of the**".

Page 13, run in lines 12 and 13.

Page 14, line 19, strike "In" and insert "**Except as provided in subsection (m), in**"

Page 18, between lines 3 and 4, begin a new paragraph and insert: "**(m) In a township having a population of more than one hundred seventy-five thousand (175,000) located in a county that contains a consolidated city, the total property tax deductions for an area designated as residentially distressed may not exceed thirty-three and thirty-three hundredths percent (33.33%) of the assessed valuation of the residential property within the township.**".

Page 25, between lines 8 and 9, begin a new paragraph and insert: "SECTION 10. IC 6-1.1-12.1-4.1 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]: IC 6-1.1-12.1-4.1 Sec. 4.1. (a) Section 4 of this chapter applies to economic revitalization areas that are not residentially distressed areas.

(b) This subsection applies to economic revitalization areas that are residentially distressed areas. **Subject to section 2(m) of this chapter**, the amount of the deduction that a property owner is entitled to receive under section 3 of this chapter for a particular year equals the lesser of:

- (1) the assessed value of the improvement to the property after the rehabilitation or redevelopment has occurred; or
- (2) the following amount:



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TYPE OF DWELLING	AMOUNT
One (1) family dwelling	\$12,000
Two (2) family dwelling	\$17,000
Three (3) unit multifamily dwelling	\$25,000
Four (4) unit multifamily dwelling	\$32,000

SECTION 11. IC 6-1.1-12.1-4.1 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 4.1. (a) Section 4 of this chapter applies to economic revitalization areas that are not residentially distressed areas.

(b) This subsection applies to economic revitalization areas that are residentially distressed areas. **Subject to section 2(m) of this chapter**, the amount of the deduction that a property owner is entitled to receive under section 3 of this chapter for a particular year equals the lesser of:

- (1) the assessed value of the improvement to the property after the rehabilitation or redevelopment has occurred; or
- (2) the following amount:

TYPE OF DWELLING	AMOUNT
One (1) family dwelling	\$36,000
Two (2) family dwelling	\$51,000
Three (3) unit multifamily dwelling	\$75,000
Four (4) unit multifamily dwelling	\$96,000."

Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

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