



February 23, 1999

HOUSE BILL No. 1555

DIGEST OF HB1555 (Updated February 17, 1999 8:20 pm - DI 58)

Citations Affected: IC 6-1.1; IC 36-7; IC 36.7-15.1.

Synopsis: Redevelopment and TIF in excluded cities. Establishes a redevelopment district within each excluded city in Marion County. Permits the Marion County metropolitan development commission, serving as the redevelopment commission for the excluded city, to carry out redevelopment projects and to use various financing mechanisms, including tax increment financing, in such a redevelopment district. Requires certain approvals by the legislative body of the excluded city before the implementation of a redevelopment project or financing by the metropolitan development commission. Provides that tax increment finance revenues attributable to an allocation area in an excluded city must be used for projects within the excluded city.

Effective: Upon passage.

Mahern, Buell, Young M

January 19, 1999, read first time and referred to Committee on Ways and Means.
February 22, 1999, reported — Do Pass.

HB 1555—LS 7540/DI 44+



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February 23, 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.

HOUSE BILL No. 1555

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

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

1 SECTION 1. IC 6-1.1-20-1.6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.6. As used in this
3 chapter, "property taxes" means a property tax rate or levy to pay debt
4 service or to pay lease rentals, but does not include taxes allocated for
5 an allocation area under IC 6-1.1-39-5, IC 8-22-3.5-9, IC 36-7-14-39,
6 ~~or IC 36-7-15.1-26, or IC 36-7-15.1-53.~~

7 SECTION 2. IC 36-7-15.1-3 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **Except as**
9 **provided in section 37 of this chapter**, as used in this chapter:

10 "Commission" refers to the metropolitan development commission
11 acting as the redevelopment commission of the consolidated city,
12 subject to IC 36-3-4-23.

13 "Department" refers to the department of metropolitan development,
14 subject to IC 36-3-4-23.

15 SECTION 3. IC 36-7-15.1-28 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) The
17 planning, replanning, development, and redevelopment of economic

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1 development areas are public and governmental functions that cannot
 2 be accomplished through the ordinary operations of private enterprise
 3 due to:

- 4 (1) the necessity for the exercise of the power of eminent domain;
 5 (2) the necessity for requiring the proper use of the land so as to
 6 best serve the interests of the county and its citizens; and
 7 (3) the costs of these projects.

8 (b) The planning, replanning, development, and redevelopment of
 9 economic development areas will:

- 10 (1) benefit the health, safety, morals, and welfare;
 11 (2) increase the economic well-being of the county and the state;
 12 and
 13 (3) serve to protect and increase property values in the county and
 14 the state.

15 (c) The planning, replanning, development, and redevelopment of
 16 economic development areas under this section and sections 29, ~~and~~
 17 30, **57, and 58** of this chapter are public uses and purposes for which
 18 public money may be spent and private property may be acquired.

19 (d) This section and sections 29, ~~and~~ 30, **57, and 58** of this chapter
 20 shall be liberally construed to carry out the purposes of this section.

21 SECTION 4. IC 36-7-15.1-37 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE UPON PASSAGE]: **Sec. 37. As used in this section and**
 24 **sections 38 through 58 of this chapter:**

25 "City" or "excluded city" refers to an excluded city (as defined
 26 in IC 36-3-1-7).

27 "Commission" refers to the metropolitan development
 28 commission acting as the redevelopment commission of an
 29 excluded city.

30 SECTION 5. IC 36-7-15.1-38 IS ADDED TO THE INDIANA
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS
 32 [EFFECTIVE UPON PASSAGE]: **Sec. 38. (a) There exists in each**
 33 **excluded city a redevelopment district comprised of all land**
 34 **situated within the geographic boundaries of each respective**
 35 **excluded city.**

36 (b) Each redevelopment district described in subsection (a)
 37 constitutes a special taxing district for the purpose of levying and
 38 collecting special benefit taxes for redevelopment purposes as
 39 provided in this chapter.

40 (c) All of the taxable property within each redevelopment
 41 district established by subsection (a) is considered to be benefited
 42 by redevelopment projects carried out under sections 37 through



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1 **58 of this chapter to the extent of the special taxes levied under**
2 **sections 37 through 58 of this chapter.**

3 SECTION 6. IC 36-7-15.1-39 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: **Sec. 39. (a) A commission has the**
6 **duties set forth in section 6 of this chapter.**

7 **(b) A commission may exercise all the powers set forth in section**
8 **7 of this chapter, except that all powers regarding condemnation**
9 **and eminent domain under this section are vested solely in the**
10 **legislative body of an excluded city. Eminent domain proceedings**
11 **under this section are governed by IC 32-11.**

12 SECTION 7. IC 36-7-15.1-40 IS ADDED TO THE INDIANA
13 CODE AS A NEW SECTION TO READ AS FOLLOWS
14 [EFFECTIVE UPON PASSAGE]: **Sec. 40. (a) A commission shall**
15 **establish a blighted area by following the procedures set forth in**
16 **sections 8 through 10 of this chapter. The establishment of a**
17 **blighted area under this subsection must also be approved by**
18 **resolution of the legislative body of the excluded city.**

19 **(b) A commission may amend a resolution or plan for a**
20 **redevelopment area or economic development area by following**
21 **the procedures of section 10.5 of this chapter. An amendment made**
22 **under this subsection must also be approved by resolution of the**
23 **legislative body of the excluded city.**

24 **(c) A person who filed a written remonstrance with the**
25 **commission under subsection (a) and is aggrieved by the final**
26 **action taken may seek appeal of the action by following the**
27 **procedures for appeal set forth in section 11 of this chapter. The**
28 **appeal hearing is governed by the procedures of section (11)(b) of**
29 **this chapter.**

30 SECTION 8. IC 36-7-15.1-41 IS ADDED TO THE INDIANA
31 CODE AS A NEW SECTION TO READ AS FOLLOWS
32 [EFFECTIVE UPON PASSAGE]: **Sec. 41. (a) A political subdivision**
33 **or other governmental entity may, in the area in which it is**
34 **authorized to act, do all things necessary to aid and cooperate in**
35 **the planning and undertaking of a redevelopment or economic**
36 **development project, including furnishing the financial and other**
37 **assistance that it is authorized by this chapter to furnish for or in**
38 **connection with a redevelopment plan or redevelopment project.**

39 **(b) A unit or other governmental entity may enter into**
40 **agreements with the commission or any other entity respecting**
41 **action to be taken under this chapter, including the furnishing of**
42 **funds or other assistance in connection with a redevelopment or**

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1 economic development plan or project. These agreements may
 2 extend over any period, notwithstanding any other law.

3 SECTION 9. IC 36-7-15.1-42 IS ADDED TO THE INDIANA
 4 CODE AS A NEW SECTION TO READ AS FOLLOWS
 5 [EFFECTIVE UPON PASSAGE]: **Sec. 42. (a) If no appeal is taken,**
 6 **or if an appeal is taken but is unsuccessful, the commission shall**
 7 **proceed with the proposed project, to the extent that money is**
 8 **available for that purpose.**

9 (b) The commission shall first approve and adopt a list of the
 10 real property and interests in real property to be acquired, and the
 11 price to be offered to the owner of each parcel or interest. The
 12 prices to be offered may not exceed the average of two (2)
 13 independent appraisals of fair market value procured by the
 14 commission, except that appraisals are not required in transactions
 15 with other governmental agencies. However, if the real property is
 16 less than five (5) acres in size and the fair market value of the real
 17 property or interest has been appraised by one (1) independent
 18 appraiser at less than ten thousand dollars (\$10,000), the second
 19 appraisal may be made by a qualified employee of the department.
 20 The prices indicated on the list may not be exceeded unless
 21 specifically authorized by the commission under section 39 of this
 22 chapter or ordered by a court in condemnation proceedings. The
 23 commission may except from acquisition any real property in the
 24 area if it finds that such an acquisition is not necessary under the
 25 redevelopment plan. Appraisals made under this section are for the
 26 information of the commission and are not open for public
 27 inspection.

28 (c) Negotiations for the purchase of property may be carried on
 29 directly by the commission, by its employees, or by expert
 30 negotiators employed for that purpose. The commission shall adopt
 31 a standard form of option for use in negotiations, but no option,
 32 contract, or understanding relative to the purchase of real
 33 property is binding on the commission until approved and accepted
 34 by the commission in writing. The commission may authorize the
 35 payment of a nominal fee to bind an option, and as a part of the
 36 consideration for conveyance may agree to pay the expense
 37 incident to the conveyance and determination of the title of the
 38 property. Payment for the property purchased shall be made when
 39 and as directed by the commission, but only on delivery of proper
 40 instruments conveying the title or interest of the owner to "City [or
 41 Town] of _____ for the use and benefit of its Redevelopment
 42 District".



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1 (d) Notwithstanding subsections (a) through (c), the commission
 2 may, before the time referred to in this section, accept gifts of
 3 property needed for the redevelopment of blighted, deteriorated,
 4 or deteriorating areas. The commission may, before the time
 5 referred to in this section, take options on or contract for the
 6 acquisition of property needed for the redevelopment of blighted,
 7 deteriorated, or deteriorating areas if the options and contracts are
 8 not binding on the commission or the redevelopment district until
 9 the time referred to in this section and until money is available to
 10 pay the consideration set out in the options or contracts.

11 (e) Section 44 (a) through 44(h) of this chapter does not apply to
 12 exchanges of real property (or interests in real property) in
 13 connection with the acquisition of real property (or interests in real
 14 property) under this section. In acquiring real property (or
 15 interests in real property) under this section the commission may,
 16 as an alternative to offering payment of money as specified in
 17 subsection (b), offer for the real property (or interest in real
 18 property) that the commission desires to acquire:

- 19 (1) exchange of real property or interests in real property
 20 owned by the redevelopment district;
- 21 (2) exchange of real property or interests in real property
 22 owned by the redevelopment district, along with the payment
 23 of money by the commission; or
- 24 (3) exchange of real property or interests in real property
 25 owned by the redevelopment district along with the payment
 26 of money by the owner of the real property or interests in real
 27 property that the commission desires to acquire.

28 The commission shall have the fair market value of the real
 29 property or interests in real property owned by the redevelopment
 30 district appraised as specified in section 44(b) of this chapter. The
 31 appraisers may not also appraise the value of the real property or
 32 interests in real property to be acquired by the redevelopment
 33 district. The commission shall establish the nature of the offer to
 34 the owner based on the difference between the average of the two
 35 (2) appraisals of the fair market value of the real property or
 36 interests in real property to be acquired by the commission and the
 37 average of the appraisals of fair market value of the real property
 38 or interests in real property to be exchanged by the commission.

39 SECTION 10. IC 36-7-15.1-43 IS ADDED TO THE INDIANA
 40 CODE AS A NEW SECTION TO READ AS FOLLOWS
 41 [EFFECTIVE UPON PASSAGE]: Sec. 43. A commission has the
 42 powers and must follow the procedures set forth in section 14 of

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1 **this chapter.**

2 SECTION 11. IC 36-7-15.1-44 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: **Sec. 44. (a) The provisions of this**
5 **section concerning appraisal, publication, and bidding**
6 **requirements do not apply to sales, leases, or other dispositions of**
7 **real or personal property interests in property to other public**
8 **agencies, including the federal government or any agency or**
9 **department of the federal government, for public purposes.**

10 **(b) Before offering for sale, exchange, or lease (or a combination**
11 **of methods) to the public any of the property or interests acquired,**
12 **the commission shall cause two (2) separate appraisals of the fair**
13 **market value to be made by independent appraisers. However, if**
14 **the property is less than five (5) acres in size and the fair market**
15 **value of the real property or interest has been appraised by one (1)**
16 **independent appraiser at less than ten thousand dollars (\$10,000),**
17 **the second appraisal may be made by a qualified employee of the**
18 **department. In the case of an exchange, the same appraiser may**
19 **not appraise both of the properties to be exchanged. In making**
20 **appraisals, the appraisers shall take into consideration the size,**
21 **location, and physical condition of the parcels, the advantages**
22 **accruing to the parcels under the redevelopment plan, and all other**
23 **factors having a bearing on the value of the parcels. The appraisals**
24 **are solely for the information of the commission and are not open**
25 **for public inspection.**

26 **(c) The commission shall then prepare an offering sheet showing**
27 **the parcels to be offered and the offering prices, which may not be**
28 **less than the average of the two (2) appraisals. Copies of the**
29 **offering sheets shall be furnished to prospective buyers on request.**
30 **Maps, plats, or maps and plats showing the size and location of all**
31 **parcels to be offered shall also be kept available for inspection at**
32 **the office of the department.**

33 **(d) A notice shall be published in accordance with IC 5-3-1. The**
34 **notice must state that at a designated time the commission will**
35 **open and consider written offers for the purchase or lease of the**
36 **property or interests being offered. In giving the notice it is not**
37 **necessary to describe each parcel separately, or to specify the exact**
38 **terms of disposition, but the notice must:**

- 39 (1) state the general location of the parcels;
40 (2) call attention generally to any limitations in the
41 redevelopment plan on the use to be made of the real property
42 offered; and



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1 **(3) state that a bid submitted by a trust (as defined in**
2 **IC 30-4-1-1(a)) must identify each:**

3 **(A) beneficiary of the trust; and**

4 **(B) settlor empowered to revoke or modify the trust.**

5 **(e) At the time fixed in the notice the commission shall open and**
6 **consider any offers received. The offers may consist of**
7 **consideration in the form of cash, other property, or a combination**
8 **of cash and property. However, with respect to property other than**
9 **cash, the offer must be accompanied by evidence of the property's**
10 **fair market value that is satisfactory to the commission in the**
11 **commission's sole discretion. All offers received shall be opened at**
12 **public meetings of the commission and shall be kept open for**
13 **public inspection.**

14 **(f) The commission may reject any or all bids or may make**
15 **awards to the highest and best bidders. In determining the best**
16 **bids, the commission shall take into consideration the following**
17 **factors:**

18 **(1) The size and character of the improvements proposed to**
19 **be made by the bidder on the real property bid on.**

20 **(2) The bidders' plans and ability to improve the real**
21 **property with reasonable promptness.**

22 **(3) Whether the real property when improved will be sold or**
23 **rented.**

24 **(4) The bidder's proposed sale or rental prices.**

25 **(5) The bidder's compliance with subsection (d)(3).**

26 **(6) Any factors that will assure the commission that the sale**
27 **or lease, if made, will further the execution of the**
28 **redevelopment plan and best serve the interest of the**
29 **community, from the standpoint of both human and economic**
30 **welfare.**

31 **(g) The commission may contract with a bidder in regard to the**
32 **factors listed in subsection (f), and the contract may provide for the**
33 **deposit of surety bonds, the making of good faith deposits,**
34 **liquidated damages, the right of reversion or repurchase, or other**
35 **rights and remedies if the bidder fails to comply with the contract.**

36 **(h) After the opening, consideration, and determination of the**
37 **written offers filed in response to the notice, the commission may**
38 **dispose of all or part of the remaining available property or**
39 **interests for any approved use, either at public sale or by private**
40 **negotiation carried on by the commission, its regular employees, or**
41 **real estate experts employed for that purpose. For a period of**
42 **thirty (30) days after the opening of the written offers and**



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1 determination on them, no sale, exchange, or lease may be made at
 2 a price or rental less than that shown on the offering sheet, except
 3 in the case of sales or rentals of:

- 4 (1) ten (10) or more parcels to a purchaser or lessee who
 5 agrees to improve the parcels immediately;
 6 (2) parcels of property to individuals or families whose
 7 income is at or below the county's median income for
 8 individual and family income, respectively, for the purpose of
 9 constructing single family or two (2) family housing; or
 10 (3) parcels of property to a contractor or developer for the
 11 purpose of constructing single family or two (2) family
 12 housing for individuals or families whose income is at or
 13 below the county's median income for individual and family
 14 income, respectively;

15 but after that period the commission may adjust the offering prices
 16 in the manner it considers necessary to further the redevelopment
 17 plan.

18 (i) A conveyance under this section may not be made until the
 19 agreed consideration has been paid, unless the commission adopts
 20 a resolution:

- 21 (1) stating that consideration does not have to be paid before
 22 the conveyance is made; and
 23 (2) setting forth an arrangement for future payment of
 24 consideration or provision of an infrastructure credit against
 25 the consideration, or both.

26 If full consideration is not paid before the conveyance is made, the
 27 commission may use a land sale contract or mortgage to secure
 28 payment of the consideration or may accept as a credit against the
 29 agreed consideration a contractual obligation to perform public
 30 infrastructure work related to the property being conveyed. All
 31 deeds, land sale contracts, leases, or other conveyances, and all
 32 contracts and agreements, including contracts of purchase, sale, or
 33 exchange and contracts for advancements, loans, grants,
 34 contributions, or other aid, shall be executed in the name of the
 35 "City [or Town] of _____, for the use and benefit of its
 36 Redevelopment District", and shall be executed by the president or
 37 vice president of the commission.

38 SECTION 12. IC 36-7-15.1-45 IS ADDED TO THE INDIANA
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS
 40 [EFFECTIVE UPON PASSAGE]: **Sec. 45. (a) In addition to other**
 41 **methods of raising money for property acquisition or**
 42 **redevelopment in a blighted, deteriorated, or deteriorating area,**



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1 and in anticipation of the special tax to be levied under section 50
 2 of this chapter, the taxes allocated under section 53 of this chapter,
 3 or other revenues of the redevelopment district, a commission may,
 4 by resolution, issue the bonds of its redevelopment district in the
 5 name of the excluded city. The amount of the bonds may not exceed
 6 the total, as estimated by the commission, of all expenses
 7 reasonably incurred in connection with the acquisition and
 8 redevelopment of the property, including:

9 (1) the total cost of all land, rights-of-way, and other property
 10 to be acquired and redeveloped;

11 (2) all reasonable and necessary architectural, engineering,
 12 legal, financing, accounting, advertising, bond discount, and
 13 supervisory expenses related to the acquisition and
 14 redevelopment of the property or the issuance of bonds;

15 (3) capitalized interest permitted in this chapter and a debt
 16 service reserve for the bonds, to the extent that the
 17 redevelopment commission determines that a reserve is
 18 reasonably required;

19 (4) the total cost of all clearing and construction work
 20 provided for in the resolution; and

21 (5) expenses that the commission is required or permitted to
 22 pay under IC 8-23-17.

23 (b) If a commission plans to acquire different parcels of land or
 24 let different contracts for redevelopment work at approximately
 25 the same time, whether under one (1) or more resolutions, a
 26 commission may provide for the total cost in one (1) issue of bonds.

27 (c) The bonds must be dated as set forth in the bond resolution
 28 and negotiable subject to the requirements concerning registration
 29 of the bonds. The resolution authorizing the bonds must state:

30 (1) the denominations of the bonds;

31 (2) the place or places at which the bonds are payable; and

32 (3) the term of the bonds, which may not exceed fifty (50)
 33 years.

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

37 (d) The commission shall certify a copy of the resolution
 38 authorizing the bonds to the fiscal officer of the excluded city, who
 39 shall then prepare the bonds. The seal of the unit must be
 40 impressed on the bonds, or a facsimile of the seal must be printed
 41 on the bonds.

42 (e) The bonds shall be executed by the excluded city executive



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1 and attested by the excluded city fiscal officer. The interest
2 coupons, if any, shall be executed by the facsimile signature of the
3 excluded city fiscal officer.

4 (f) The bonds are exempt from taxation as provided by IC 6-8-5.

5 (g) The excluded city fiscal officer shall sell the bonds according
6 to law. Bonds payable solely or in part from tax proceeds allocated
7 under section 53(b)(2) of this chapter or other revenues of the
8 district may be sold at private negotiated sale and at a price or
9 prices not less than ninety-seven percent (97%) of the par value.

10 (h) The bonds are not a corporate obligation of the excluded city
11 but are an indebtedness of the redevelopment district. The bonds
12 and interest are payable:

13 (1) from a special tax levied upon all of the property in the
14 redevelopment district, as provided by section 50 of this
15 chapter;

16 (2) from the tax proceeds allocated under section 53(b)(2) of
17 this chapter;

18 (3) from other revenues available to the commission; or

19 (4) from a combination of the methods described in
20 subdivisions (1) through (3);

21 and from any revenues of the designated project. If the bonds are
22 payable solely from the tax proceeds allocated under section
23 53(b)(2) of this chapter, other revenues of the redevelopment
24 commission, or any combination of these sources, they may be
25 issued in any amount without limitation.

26 (i) Proceeds from the sale of the bonds may be used to pay the
27 cost of interest on the bonds for a period not to exceed five (5)
28 years from the date of issue.

29 (j) The laws relating to the filing of petitions requesting the
30 issuance of bonds and the right of taxpayers to remonstrate against
31 the issuance of bonds applicable to bonds issued under this chapter
32 do not apply to bonds payable solely or in part from tax proceeds
33 allocated under section 53(b)(2) of this chapter, other revenues of
34 the commission, or any combination of these sources.

35 (k) If bonds are issued under this chapter that are payable solely
36 or in part from revenues to a commission from a project or
37 projects, a commission may adopt a resolution or trust indenture
38 or enter into covenants as is customary in the issuance of revenue
39 bonds. The resolution or trust indenture may pledge or assign the
40 revenues from the project or projects but may not convey or
41 mortgage any project or parts of a project. The resolution or trust
42 indenture may also contain any provisions for protecting and



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1 enforcing the rights and remedies of the bond owners as may be
 2 reasonable and proper and not in violation of law, including
 3 covenants setting forth the duties of the commission. The
 4 commission may establish fees and charges for the use of any
 5 project and covenant with the owners of bonds to set those fees and
 6 charges at a rate sufficient to protect the interest of the owners of
 7 the bonds. Any revenue bonds issued by the commission that are
 8 payable solely from revenues of the commission must contain a
 9 statement to that effect in the form of bond.

10 SECTION 13. IC 36-7-15.1-46 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE UPON PASSAGE]: **Sec. 46. (a) A commission may**
 13 **enter into a lease of any property that may be financed with the**
 14 **proceeds of bonds issued under section 45 of this chapter with a**
 15 **lessor for a term not to exceed fifty (50) years. The lease may**
 16 **provide for payments to be made by the commission from special**
 17 **benefits taxes levied under section 50 of this chapter, taxes**
 18 **allocated under section 53 of this chapter, any other revenue**
 19 **available to the commission, or any combination of these sources.**

20 (b) A lease may provide that payments by the commission to the
 21 lessor are required only to the extent and only for the period that
 22 the lessor is able to provide the leased facilities in accordance with
 23 the lease. The terms of each lease must be based upon the value of
 24 the facilities leased and may not create a debt of the unit or the
 25 district for purposes of the Constitution of the State of Indiana.

26 (c) A lease may be entered into by the commission only after a
 27 public hearing by the commission at which all interested parties
 28 are given the opportunity to be heard. Notice of the hearing must
 29 be given by publication in accordance with IC 5-3-1. After the
 30 public hearing, the commission may adopt a resolution authorizing
 31 the execution of the lease on behalf of the unit if it finds that the
 32 service to be provided throughout the term of the lease will serve
 33 the public purpose of the unit and is in the best interests of its
 34 residents. Any lease approved by a resolution of the commission
 35 must be approved by an ordinance of the fiscal body of the
 36 excluded city.

37 (d) Upon execution of a lease providing for payments by the
 38 commission in whole or in part from the levy of special benefits
 39 taxes under section 50 of this chapter and upon approval of the
 40 lease by the fiscal body, the commission shall publish notice of the
 41 execution of the lease and its approval in accordance with IC 5-3-1.
 42 Fifty (50) or more taxpayers residing in the district who will be



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1 affected by the lease and who may be of the opinion that no
 2 necessity exists for the execution of the lease or that the payments
 3 provided for in the lease are not fair and reasonable, may file a
 4 petition in the office of the county auditor within thirty (30) days
 5 after the publication of the notice of execution and approval. The
 6 petition must set forth the petitioners' names, addresses, and
 7 objections to the lease and the facts showing that the execution of
 8 the lease is unnecessary or unwise or that the payments provided
 9 for in the lease are not fair and reasonable, as the case may be.
 10 Upon the filing of the petition, the county auditor shall immediately
 11 certify a copy of the petition, together with such other data as may
 12 be necessary in order to present the questions involved, to the state
 13 board of tax commissioners. Upon receipt of the certified petition
 14 and information, the state board of tax commissioners shall fix a
 15 time and place for the hearing in the redevelopment district, which
 16 must not be less than five (5) or more than thirty (30) days after the
 17 time for the hearing is fixed. Notice of the hearing shall be given by
 18 the state board of tax commissioners to the members of the fiscal
 19 body, to the commission, and to the first fifty (50) petitioners on the
 20 petition by a letter signed by one (1) member of the state board of
 21 tax commissioners and enclosed with fully prepaid postage sent to
 22 those persons at their usual place of residence, at least five (5) days
 23 before the date of the hearing. The decision of the state board of
 24 tax commissioners on the appeal, upon the necessity for the
 25 execution of the lease and as to whether the payments under it are
 26 fair and reasonable, is final.

27 (e) A commission entering into a lease payable from allocated
 28 taxes under section 53 of this chapter or revenues or other
 29 available funds of the commission may:

- 30 (1) pledge the revenue to make payments under the lease as
 31 provided in IC 5-1-14-4; and
- 32 (2) establish a special fund to make the payments.

33 Lease rentals may be limited to money in the special fund so that
 34 the obligations of the commission to make the lease rental
 35 payments are not considered a debt of the unit or the district for
 36 purposes of the Constitution of the State of Indiana.

37 (f) Except as provided in this section, no approvals of any
 38 governmental body or agency are required before the commission
 39 enters into a lease under this section.

40 (g) An action to contest the validity of the lease or to enjoin the
 41 performance of any of its terms and conditions must be brought
 42 within thirty (30) days after the publication of the notice of the



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1 execution and approval of the lease. However, if the lease is
 2 payable in whole or in part from tax levies and an appeal has been
 3 taken to the state board of tax commissioners, an action to contest
 4 the validity or to enjoin performance must be brought within thirty
 5 (30) days after the decision of the state board of tax commissioners.

6 (h) If a commission exercises an option to buy a leased facility
 7 from a lessor, the commission may subsequently sell the leased
 8 facility, without regard to any other statute, to the lessor at the end
 9 of the lease term at a price set forth in the lease or at fair market
 10 value established at the time of the sale by the commission through
 11 auction, appraisal, or arms length negotiation. If the facility is sold
 12 at auction, after appraisal, or through negotiation, the commission
 13 shall conduct a hearing after public notice in accordance with
 14 IC 5-3-1 before the sale. Any action to contest the sale must be
 15 brought within fifteen (15) days after the hearing.

16 SECTION 14. IC 36-7-15.1-47 IS ADDED TO THE INDIANA
 17 CODE AS A NEW SECTION TO READ AS FOLLOWS
 18 [EFFECTIVE UPON PASSAGE]: Sec. 47. (a) Any of the following
 19 persons may lease facilities referred to in section 46 of this chapter
 20 to a commission:

21 (1) A nonprofit corporation organized under Indiana law or
 22 admitted to do business in Indiana.

23 (2) An authority established under IC 36-10-9.1.

24 (b) Notwithstanding any other law, a redevelopment facility
 25 leased by the commission under this chapter from a lessor
 26 borrowing bond proceeds from a unit under IC 36-7-12 is an
 27 economic development facility for purposes of IC 36-7-11.9-3 and
 28 IC 36-7-12.

29 (c) Notwithstanding IC 36-7-12-25 and IC 36-7-12-26, payments
 30 by the commission to a lessor described in subsection (b) may be
 31 made from sources set forth in section 46 of this chapter so long as
 32 the payments and the lease are structured to prevent the lease
 33 obligation from constituting debt of the unit or the district for
 34 purposes of the Constitution of the State of Indiana.

35 SECTION 15. IC 36-7-15.1-48 IS ADDED TO THE INDIANA
 36 CODE AS A NEW SECTION TO READ AS FOLLOWS
 37 [EFFECTIVE UPON PASSAGE]: Sec. 48. (a) Notwithstanding any
 38 other law, the legislative body of the excluded city may pledge
 39 revenues received or to be received by the excluded city from:

40 (1) the excluded city's distributive share of the county option
 41 income tax under IC 6-3.5-6;

42 (2) any other source legally available to the excluded city for

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1 the purposes of this chapter; or
 2 (3) a combination of revenues under subdivisions (1) through
 3 (2);
 4 in any amount to pay amounts payable under section 45 or 46 of
 5 this chapter.

6 (b) The legislative body of the excluded city may covenant to
 7 adopt an ordinance to increase its tax rate under the county option
 8 income tax or any other revenues at the time it is necessary to raise
 9 funds to pay amounts payable under section 45 or 46 of this
 10 chapter.

11 (c) The commission may pledge revenues received or to be
 12 received from any source legally available to it for the purposes of
 13 this chapter in any amount to pay amounts payable under section
 14 45 or 46 of this chapter.

15 (d) The pledge or the covenant under this section may be for the
 16 life of the bonds issued under section 45 of this chapter, the term
 17 of a lease entered into under section 46 of this chapter, or for a
 18 shorter period as determined by the legislative body of the
 19 excluded city. Money pledged by the legislative body of the
 20 excluded city under this section shall be considered revenues or
 21 other money available to the commission under sections 45 through
 22 46 of this chapter.

23 (e) The general assembly covenants not to impair this pledge or
 24 covenant so long as any bonds issued under section 45 of this
 25 chapter are outstanding or as long as any lease entered into under
 26 section 46 of this chapter is still in effect. The pledge or covenant
 27 shall be enforced as provided in IC 5-1-14-4.

28 SECTION 16. IC 36-7-15.1-49 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE UPON PASSAGE]: Sec. 49. (a) All proceeds of bonds
 31 issued under section 45 of this chapter shall be kept as a separate
 32 and specific fund to pay the expenses incurred in connection with
 33 the acquisition and redevelopment of property. The fund shall be
 34 known as the redevelopment district fund. Any surplus of funds
 35 remaining after all expenses are paid shall be paid into and become
 36 a part of the redevelopment district bond fund established under
 37 section 50 of this chapter.

38 (b) All gifts, donations, proceeds of sales, or other payments that
 39 are given or paid to an excluded city or its commission for
 40 redevelopment purposes shall be promptly deposited to the credit
 41 of the redevelopment district fund. The commission may use these
 42 gifts and donations for the purposes of this chapter.



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1 (c) Before the fifteenth day of each calendar month the excluded
 2 city fiscal officer shall notify the commission and the officers of the
 3 excluded city who have duties in respect to the funds and accounts
 4 of the excluded city of the amount standing to the credit of the
 5 redevelopment district fund at the close of business on the last day
 6 of the preceding month.

7 SECTION 17. IC 36-7-15.1-50 IS ADDED TO THE INDIANA
 8 CODE AS A NEW SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE UPON PASSAGE]: **Sec. 50. (a) This section applies**
 10 **only to:**

11 (1) bonds that are issued under section 45 of this chapter; or

12 (2) leases entered into under section 46 of this chapter;

13 that are payable from a special tax levied upon all of the property
 14 in the redevelopment district. This section does not apply to bonds
 15 or leases that are payable solely from tax proceeds allocated under
 16 section 53(b)(2) of this chapter, other revenues of the commission,
 17 or any combination of these sources.

18 (b) The excluded city legislative body shall levy each year a tax
 19 on all of the property of the redevelopment district, in such a
 20 manner as to meet and pay:

21 (1) the principal of the bonds as they mature, together with all
 22 accruing interest on the bonds; or

23 (2) lease rental payments under section 46 of this chapter.

24 The tax levied shall be certified to the fiscal officers of the excluded
 25 city and the county before October 2 in each year. The tax shall be
 26 estimated and entered on the tax duplicate by the county auditor
 27 and shall be collected and enforced by the county treasurer in the
 28 same manner as other state and county taxes are estimated,
 29 entered, collected, and enforced.

30 (c) As the tax is collected, it shall be accumulated in a separate
 31 fund to be known as the redevelopment district bond fund and
 32 shall be applied to the payment of the bonds as they mature and the
 33 interest on the bonds as it accrues, or to make lease payments, and
 34 to no other purpose. All accumulations of the fund before use for
 35 the payment of bonds and interest or to make lease payments shall
 36 be deposited with the depository or depositories for other public
 37 funds of the city in accordance with the statutes concerning the
 38 deposit of public funds, unless they are invested under IC 5-13.

39 (d) The tax levies provided for in this section are reviewable by
 40 other bodies vested by law with the authority to ascertain that the
 41 levies are sufficient to raise the amount that, with other amounts
 42 available, is sufficient to meet the payments under the lease



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1 payable from the levy of taxes.

2 SECTION 18. IC 36-7-15.1-51 IS ADDED TO THE INDIANA
3 CODE AS A NEW SECTION TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: **Sec. 51. (a) In order to:**

- 5 (1) undertake survey and planning activities under this
6 chapter;
7 (2) undertake and carry out any redevelopment project or
8 economic development plan;
9 (3) pay principal and interest on any advances;
10 (4) pay or retire any bonds and interest on them; or
11 (5) refund loans previously made under this section;

12 the commission may apply for and accept advances, short term and
13 long term loans, grants, contributions, loan guarantees, and any
14 other form of financial assistance from the federal government, or
15 from any of its agencies. The commission may apply for and accept
16 loans under this section from sources other than the federal
17 government or federal agencies, but only if the loans are
18 unconditionally guaranteed by the federal government or federal
19 agencies. The commission may also enter into and carry out
20 contracts and agreements in connection with that financial
21 assistance upon the terms and conditions that the commission
22 considers reasonable and appropriate, if those terms and
23 conditions are not inconsistent with the purposes of this chapter.
24 The provisions of such a contract or agreement in regard to the
25 handling, deposit, and application of project funds as all other
26 provisions are valid and binding on the excluded city or its
27 executive departments and officers, as well as the commission,
28 notwithstanding any other provision of this chapter.

29 (b) The commission may issue and sell bonds, notes, or
30 warrants;

- 31 (1) to the federal government to evidence short term or long
32 term loans made under this section; or
33 (2) to persons or entities other than the federal government to
34 evidence short or long term loans made under this section that
35 are unconditionally guaranteed by the federal government or
36 federal agencies;

37 without notice of sale being given or a public offering being made.

38 (c) Notwithstanding any other law, bonds, notes, or warrants
39 issued by the commission under this section may:

- 40 (1) be in the amounts, form, or denomination;
41 (2) be either coupon or registered;
42 (3) carry conversion or other privileges;



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- 1 **(4) have a rank or priority;**
- 2 **(5) be of such description;**
- 3 **(6) be secured (subject to other provisions of this section) in**
- 4 **such manner;**
- 5 **(7) bear interest at a rate or rates;**
- 6 **(8) be payable as to both principal and interest in a medium**
- 7 **of payment, at a time or times (which may be upon demand),**
- 8 **and at a place or places;**
- 9 **(9) be subject to terms of redemption (with or without**
- 10 **premium);**
- 11 **(10) contain or be subject to any covenants, conditions, and**
- 12 **provisions; and**
- 13 **(11) have any other characteristics;**

14 **that the commission considers reasonable and appropriate.**

15 **(d) Bonds, notes, or warrants issued under this section are not**
16 **an indebtedness of the excluded city or its redevelopment district**
17 **within the meaning of any constitutional or statutory limitation of**
18 **indebtedness. The bonds, notes, or warrants are not payable from**
19 **or secured by a levy of taxes, but are payable only from and**
20 **secured only by income, funds, and properties of the project**
21 **becoming available to the commission under this chapter or by**
22 **grant funds from the federal government, as the commission**
23 **specifies in the resolution authorizing their issuance.**

24 **(e) Bonds, notes, or warrants issued under this section are**
25 **exempt from taxation as provided by IC 6-8-5.**

26 **(f) Bonds, notes, or warrants issued under this section shall be**
27 **executed by the city executive and attested by the fiscal officer in**
28 **the name of the "City [or Town] of _____, for and on**
29 **behalf of its Redevelopment District".**

30 **(g) Following the adoption of the resolution authorizing the**
31 **issuance of bonds, notes, or warrants under this section, the**
32 **commission shall certify a copy of that resolution to the officers of**
33 **the excluded city who have duties with respect to bonds, notes, or**
34 **warrants of the excluded city. At the proper time, the commission**
35 **shall deliver to the officers the unexecuted bonds, notes, or**
36 **warrants prepared for execution in accordance with the resolution.**

37 **(h) All bonds, notes, or warrants issued under this section shall**
38 **be sold by the officers of the excluded city who have duties with**
39 **respect to the sale of bonds, notes, or warrants of the excluded city.**
40 **If an officer whose signature appears on any bonds, notes, or**
41 **warrants issued under this section leaves office before their**
42 **delivery, the signature remains valid and sufficient for all purposes**



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1 as if he had remained in office until the delivery.

2 (i) If, at any time during the life of a loan contract or agreement
3 under this section, the commission can obtain loans for the
4 purposes of this section from sources other than the federal
5 government at interest rates not less favorable than provided in the
6 loan contract or agreement, and if the loan contract or agreement
7 so permits, the commission may do so and may pledge the loan
8 contract and any rights under that contract as security for the
9 repayment of the loans obtained from other sources. Any loan
10 under this subsection may be evidenced by bonds, notes, or
11 warrants issued and secured in the same manner as provided in
12 this section for loans from the federal government. These bonds,
13 notes, or warrants may be sold at either public or private sale, as
14 the commission considers appropriate.

15 (j) Money obtained from the federal government or from other
16 sources under this section, and money that is required by a
17 contract or agreement under this section to be used for project
18 expenditure purposes, repayment of survey and planning advances,
19 or repayment of temporary or definitive loans, may be expended
20 by the commission without regard to any law pertaining to the
21 making and approval of budgets, appropriations, and expenditures.

22 (k) Bonds, notes, or warrants issued under this section are
23 declared to be issued for an essential public and governmental
24 purpose.

25 SECTION 19. IC 36-7-15.1-52 IS ADDED TO THE INDIANA
26 CODE AS A NEW SECTION TO READ AS FOLLOWS
27 [EFFECTIVE UPON PASSAGE]: **Sec. 52. (a) Real property**
28 **acquired by the redevelopment district is exempt from taxation**
29 **while owned by the district.**

30 (b) All receipts of the redevelopment district, including receipts
31 from the sale of real property, personal property, and materials
32 disposed of, are exempt from all taxes, including the gross income
33 tax.

34 (c) As used in this subsection, "year one" means any calendar
35 year and "year two" means the calendar year following year one.
36 When real property is acquired by the redevelopment district
37 during the period from assessment on March 1 of year one to the
38 last day of February of year two, the taxes due in year two shall be
39 prorated between the seller and the city. When the proration is
40 made, the auditor shall remove the city's prorated share from the
41 tax duplicate by auditor's correction.

42 SECTION 20. IC 36-7-15.1-53 IS ADDED TO THE INDIANA



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1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE UPON PASSAGE]: **Sec. 53. (a) As used in this section:**

3 "Allocation area" means that part of a blighted area to which
 4 an allocation provision of a resolution adopted under section 40 of
 5 this chapter refers for purposes of distribution and allocation of
 6 property taxes.

7 "Base assessed value" means the following:

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

12 (2) to the extent that it is not included in subdivision (1), the
 13 net assessed value of property that is assessed as residential
 14 property under the rules of the state board of tax
 15 commissioners, as finally determined for any assessment date
 16 after the effective date of the allocation provision.

17 Except as provided in section 55 of this chapter, "property
 18 taxes" means taxes imposed under IC 6-1.1 on real property.

19 (b) A resolution adopted under section 40 of this chapter before
 20 January 1, 2006, may include a provision with respect to the
 21 allocation and distribution of property taxes for the purposes and
 22 in the manner provided in this section. A resolution previously
 23 adopted may include an allocation provision by the amendment of
 24 that resolution before January 1, 2006, in accordance with the
 25 procedures required for its original adoption. A declaratory
 26 resolution or an amendment that establishes an allocation
 27 provision must specify an expiration date for the allocation
 28 provision that may not be more than thirty (30) years after the date
 29 on which the allocation provision is established. However, if bonds
 30 or other obligations that were scheduled when issued to mature
 31 before the specified expiration date and that are payable only from
 32 allocated tax proceeds with respect to the allocation area remain
 33 outstanding as of the expiration date, the allocation provision does
 34 not expire until all of the bonds or other obligations are no longer
 35 outstanding. The allocation provision may apply to all or part of
 36 the blighted area. The allocation provision must require that any
 37 property taxes subsequently levied by or for the benefit of any
 38 public body entitled to a distribution of property taxes on taxable
 39 property in the allocation area be allocated and distributed as
 40 follows:

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



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(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.

(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 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded 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 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 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:

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- (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 property taxes payable to the allocation fund in the following year 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 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

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1 as set forth in subsection (b)(2).

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

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

11 (1) the assessed value of the property as valued without
12 regard to this section; or

13 (2) the base assessed value.

14 (g) If any part of the allocation area is located in an enterprise
15 zone created under IC 4-4-6.1, the unit that designated the
16 allocation area shall create funds as specified in this subsection. A
17 unit that has obligations, bonds, or leases payable from allocated
18 tax proceeds under subsection (b)(2) shall establish an allocation
19 fund for the purposes specified in subsection (b)(2) and a special
20 zone fund. Such a unit shall, until the end of the enterprise zone
21 phase out period, deposit each year in the special zone fund the
22 amount in the allocation fund derived from property tax proceeds
23 in excess of those described in subsection (b)(1) from property
24 located in the enterprise zone that exceeds the amount sufficient
25 for the purposes specified in subsection (b)(2) for the year. A unit
26 that has no obligations, bonds, or leases payable from allocated tax
27 proceeds under subsection (b)(2) shall establish a special zone fund
28 and deposit all the property tax proceeds in excess of those
29 described in subsection (b)(1) in the fund derived from property
30 tax proceeds in excess of those described in subsection (b)(1) from
31 property located in the enterprise zone. The unit that creates the
32 special zone fund shall use the fund, based on the recommendations
33 of the urban enterprise association, for one (1) or more of the
34 following purposes:

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

40 (2) To make loans and grants for the purpose of stimulating
41 business activity in the enterprise zone or providing
42 employment for enterprise zone residents in an enterprise



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1 zone. These loans and grants may be made to the following:

2 (A) Businesses operating in the enterprise zone.

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

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

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

27 SECTION 21. IC 36-7-15.1-54 IS ADDED TO THE INDIANA
28 CODE AS A NEW SECTION TO READ AS FOLLOWS
29 [EFFECTIVE UPON PASSAGE]: **Sec. 54.** Notwithstanding section
30 53(b) of this chapter, an amendment of a resolution previously
31 adopted under section 40(a) of this chapter must be adopted in
32 accordance with section 40(b) of this chapter.

33 SECTION 22. IC 36-7-15.1-55 IS ADDED TO THE INDIANA
34 CODE AS A NEW SECTION TO READ AS FOLLOWS
35 [EFFECTIVE UPON PASSAGE]: **Sec. 55.** (a) As used in this section,
36 "depreciable personal property" refers to all of the designated
37 taxpayer's depreciable personal property that is located in the
38 allocation area.

39 (b) As used in this section "designated taxpayer" means a
40 taxpayer designated by the commission in a declaratory resolution
41 adopted or amended under section 40(a) or 40(b) of this chapter,
42 and with respect to which the commission finds that:



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1 (1) taxes to be derived from the taxpayer's depreciable
 2 personal property in the allocation area, in excess of the taxes
 3 attributable to the base assessed value of that personal
 4 property are needed to pay debt service for bonds issued
 5 under section 45 of this chapter to make payments on leases
 6 payable under section 46 of this chapter in order to provide
 7 local public improvements for a particular allocation area;

8 (2) the taxpayer's property in the allocation area will consist
 9 primarily of industrial, manufacturing, warehousing,
 10 research and development, processing, distribution, or
 11 transportation related projects; and

12 (3) the taxpayer's property in the allocation area will not
 13 consist primarily of retail, commercial, or residential projects.

14 (c) The allocation provision of a declaratory resolution may
 15 modify the definition of "property taxes" under section 53(a) of
 16 this chapter to include taxes imposed under IC 6-1.1 on the
 17 depreciable personal property of designated taxpayers in
 18 accordance with the procedures and limitations set forth in this
 19 section and section 53 of this chapter. If such a modification is
 20 included in the resolution, for purposes of section 53 of this chapter
 21 the term "base assessed value" with respect to the depreciable
 22 personal property of designated taxpayers means the net assessed
 23 value of the depreciable personal property as finally determined
 24 for the assessment date immediately preceding the adoption date
 25 of the modification as adjusted under section 53(h) of this chapter.

26 SECTION 23. IC 36-7-15.1-56 IS ADDED TO THE INDIANA
 27 CODE AS A NEW SECTION TO READ AS FOLLOWS
 28 [EFFECTIVE UPON PASSAGE]: Sec. 56. (a) As used in this section,
 29 "allocation area" has the meaning set forth in section 53 of this
 30 chapter.

31 (b) As used in this section, "taxing district" has the meaning set
 32 forth in IC 6-1.1-1-20.

33 (c) Subject to subsection (e), each taxpayer in an allocation area
 34 is entitled to an additional credit for property taxes that under
 35 IC 6-1.1-22-9 are due and payable in May and November of that
 36 year. One-half (1/2) of the credit shall be applied to each
 37 installment of property taxes. This credit equals the amount
 38 determined under the following STEPS for each taxpayer in a
 39 taxing district that contains all or part of the allocation area:

40 STEP ONE: Determine that part of the sum of the amounts
 41 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 42 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and



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1 **IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.**

2 **STEP TWO: Divide:**

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

7 **(B) the STEP ONE sum.**

8 **STEP THREE: Multiply:**

9 **(A) the STEP TWO quotient; times**

10 **(B) the total amount of the taxpayer's property taxes levied**
 11 **in the taxing district that would have been allocated to an**
 12 **allocation fund under section 53 of this chapter had the**
 13 **additional credit described in this section not been given.**

14 **The additional credit reduces the amount of proceeds allocated to**
 15 **the development district and paid into an allocation fund under**
 16 **section 53(b)(2) of this chapter.**

17 **(d) If the additional credit under subsection (c) is not reduced**
 18 **under subsection (e) or (f), the credit for property tax replacement**
 19 **under IC 6-1.1-21-5 and the additional credit under subsection (c)**
 20 **shall be computed on an aggregate basis for all taxpayers in a**
 21 **taxing district that contains all or part of an allocation area. The**
 22 **credit for property tax replacement under IC 6-1.1-21-5 and the**
 23 **additional credit under subsection (c) shall be combined on the tax**
 24 **statements sent to each taxpayer.**

25 **(e) Upon the recommendation of the commission, the excluded**
 26 **city legislative body may, by resolution, provide that the additional**
 27 **credit described in subsection (c):**

28 **(1) does not apply in a specified allocation area; or**

29 **(2) is to be reduced by a uniform percentage for all taxpayers**
 30 **in a specified allocation area.**

31 **(f) Whenever the excluded city legislative body determines that**
 32 **granting the full additional credit under subsection (c) would**
 33 **adversely affect the interests of the holders of bonds or other**
 34 **contractual obligations that are payable from allocated tax**
 35 **proceeds in that allocation area in a way that would create a**
 36 **reasonable expectation that those bonds or other contractual**
 37 **obligations would not be paid when due, the excluded city**
 38 **legislative body must adopt a resolution under subsection (e) to**
 39 **deny the additional credit or reduce it to a level that creates a**
 40 **reasonable expectation that the bonds or other obligations will be**
 41 **paid when due. A resolution adopted under subsection (e) denies or**
 42 **reduces the additional credit for property taxes first due and**



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1 payable in the allocation area in any year following the year in
2 which the resolution is adopted.

3 (g) A resolution adopted under subsection (e) remains in effect
4 until it is rescinded by the body that originally adopted it.
5 However, a resolution may not be rescinded if the rescission would
6 adversely affect the interests of the holders of bonds or other
7 obligations that are payable from allocated tax proceeds in that
8 allocation area in a way that would create a reasonable expectation
9 that the principal of or interest on the bonds or other obligations
10 would not be paid when due. If a resolution is rescinded and no
11 other resolution is adopted, the additional credit described in
12 subsection (c) applies to property taxes first due and payable in the
13 allocation area in each year following the year in which the
14 resolution is rescinded.

15 SECTION 24. IC 36.7-15.1-57 IS ADDED TO THE INDIANA
16 CODE AS A NEW SECTION TO READ AS FOLLOWS
17 [EFFECTIVE UPON PASSAGE]: Sec. 57. (a) The commission may,
18 by following the procedures set forth in sections 8, 9, and 10 of this
19 chapter, approve a plan for and determine that a geographic area
20 in the redevelopment district is an economic development area.
21 Designation of an economic development area is subject to judicial
22 review in the manner prescribed in section 11 of this chapter.

23 (b) The commission may determine that a geographic area is an
24 economic development area if it finds that:

25 (1) the plan for the economic development area:

- 26 (A) promotes significant opportunities for the gainful
27 employment of its citizens;
- 28 (B) attracts a major new business enterprise to the unit;
- 29 (C) retains or expands a significant business enterprise
30 existing in the boundaries of the unit; or
- 31 (D) meets other purposes of this section and sections 28
32 and 58 of this chapter;

33 (2) the plan for the economic development area cannot be
34 achieved by regulatory processes or by the ordinary operation
35 of private enterprise without resort to the powers allowed
36 under this section and sections 28 and 58 of this chapter
37 because of:

- 38 (A) lack of local public improvement;
- 39 (B) existence of improvements or conditions that lower the
40 value of the land below that of nearby land;
- 41 (C) multiple ownership of land; or
- 42 (D) other similar conditions;



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- 1 (3) the public health and welfare will be benefited by
 2 accomplishment of the plan for the economic development
 3 area;
 4 (4) the accomplishment of the plan for the economic
 5 development area will be of public utility and benefit as
 6 measured by:
 7 (A) attraction or retention of permanent jobs;
 8 (B) increase in the property tax base;
 9 (C) improved diversity of the economic base; or
 10 (D) other similar public benefits; and
 11 (5) the plan for the economic development area conforms to
 12 the comprehensive plan of development for the county.
 13 (c) The determination that a geographic area is an economic
 14 development area must be approved by the excluded city legislative
 15 body. The approval may be given either before or after judicial
 16 review is requested. The requirement that the excluded city
 17 legislative body approve economic development areas does not
 18 prevent the commission from amending the plan for the economic
 19 development area. However, the enlargement of any boundary in
 20 the economic development area must be approved by the excluded
 21 city legislative body.
 22 SECTION 25. IC 36-7-15.1-58 IS ADDED TO THE INDIANA
 23 CODE AS A NEW SECTION TO READ AS FOLLOWS
 24 [EFFECTIVE UPON PASSAGE]: **Sec. 58. (a) All of the rights,**
 25 **powers, privileges, and immunities that may be exercised by a**
 26 **commission in a redevelopment area may be exercised by a**
 27 **commission in an economic development area, subject to the**
 28 **following:**
 29 (1) The content and manner of exercise of these rights,
 30 powers, privileges, and immunities shall be determined by the
 31 purposes and nature of an economic development area.
 32 (2) Real property (or interests in real property) relative to
 33 which action is taken under this section or section 28 or 57 of
 34 this chapter in an economic development area is not required
 35 to be blighted, deteriorated, or deteriorating.
 36 (3) Bonds may be issued in accordance with section 45 of this
 37 chapter to defray expenses of carrying out activities under
 38 this chapter in economic development areas.
 39 (4) The tax exemptions set forth in section 52 of this chapter
 40 are applicable in economic development areas.
 41 (5) An economic development area may be an allocation area
 42 for the purposes of distribution and allocation of property



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taxes.

(6) The excluded city legislative body may not use its power of eminent domain under section 39 of this chapter to carry out activities under this chapter in economic development areas.

(b) The content and manner of discharge of duties set forth in section 39(a) of this chapter shall be determined by the purposes and nature of an economic development area.

SECTION 26. IC 36-7-15.3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Before a lease may be entered into, the commission must find that the lease rental provided for is fair and reasonable.

(b) A lease of local public improvements from the authority to the commission:

- (1) must comply with IC 36-7-15.1-17.1, **or IC 36-7-15.1-46, or IC 36-7-30-20,**
- (2) may not require payment of lease rental for a newly constructed local public improvement or for improvements to an existing local public improvement except to the extent that the local public improvement or improvements thereto have been completed and are ready for occupancy;
- (3) may contain provisions:
 - (A) allowing the commission to continue to operate an existing local public improvement until completion of the improvements, reconstruction, or renovation; and
 - (B) requiring payment of lease rentals for an existing local public improvement being used, reconstructed, or renovated;
- (4) may contain an option to renew the lease for the same or shorter term on the conditions provided in the lease;
- (5) must contain an option for the commission to purchase the local public improvement upon the terms stated in the lease during the term of the lease for a price equal to the amount required to pay all indebtedness incurred on account of the local public improvement, including indebtedness incurred for the refunding of that indebtedness;
- (6) may be entered into before acquisition or construction of a local public improvement;
- (7) may provide that the commission shall agree to:
 - (A) pay all taxes and assessments thereon;
 - (B) maintain insurance thereon for the benefit of the authority; and
 - (C) assume responsibility for utilities, repairs, alterations, and any costs of operation; and

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1 (8) may provide that the lease rental payments by the commission
 2 shall be made from any one (1) or more of the sources set forth in
 3 IC 36-7-14-25.2, IC 36-7-15.1-17.1, **IC 36-7-15.1-46**, or
 4 IC 36-7-30-20.

5 SECTION 27. IC 36-7-15.3-11 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. This chapter
 7 and IC 36-7-15.1-17.1, **IC 36-7-15.1-46**, or IC 36-7-30-20 contain full
 8 and complete authority for leases between the authority and the
 9 commission. No law, procedure, proceedings, publications, notices,
 10 consents, approvals, orders, or acts by the board or the commission or
 11 any other officer, department, agency, or instrumentality of the state or
 12 any political subdivision is required to enter into any lease, except as
 13 prescribed in this chapter and IC 36-7-15.1-17.1 or IC 36-7-30-20.

14 SECTION 28. IC 36-7-25-1 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. This chapter
 16 applies to all units having a department of redevelopment under
 17 IC 36-7-14-3 or a department of metropolitan development as the
 18 redevelopment commission of a consolidated city **or excluded city**
 19 under IC 36-7-15.1.

20 SECTION 29. IC 36-7-25-5 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. A commission
 22 may enter into a project agreement with a developer that has been
 23 selected as the successful bidder after following the procedures set
 24 forth in IC 36-7-14-22, **or** IC 36-7-15.1-15, **or IC 36-7-15.1-44**
 25 regarding dispositions of property or interests. Any project agreement
 26 must be approved by resolution of the commission. The project
 27 agreement may contain terms and provisions for development of
 28 projects in a redevelopment or economic development area that are
 29 negotiated with the developer in the discretion of the commission,
 30 including the type and character of consideration for the disposition,
 31 conditions and covenants as to future actions of the commission and
 32 the developer, and the obligation of the commission to exercise any of
 33 the commission's powers under IC 36-7-14, IC 36-7-15.1, this chapter,
 34 or any other applicable law.

35 SECTION 30. **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 1555, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 22, nays 0.

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