HOUSE BILL No. 1555

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20-1.6; IC 36-7-15.1; IC 36-7-15.3-10; IC 36-7-15.3-11; IC 36-7-25-1; IC 36-7-25-5.

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

January 19, 1999, read first time and referred to Committee on Ways and Means.

C o p y

Introduced

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. 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:

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

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

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

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

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

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

(1) the necessity for the exercise of the power of eminent domain;

(2) the necessity for requiring the proper use of the land so as to best serve the interests of the county and its citizens; and

(3) the costs of these projects.

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

(1) benefit the health, safety, morals, and welfare;

(2) increase the economic well-being of the county and the state; and

(3) serve to protect and increase property values in the county and the state.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) exchange of real property or interests in real property owned by the redevelopment district;

(2) exchange of real property or interests in real property owned by the redevelopment district, along with the payment of money by the commission; or

(3) exchange of real property or interests in real property owned by the redevelopment district along with the payment of money by the owner of the real property or interests in real property that the commission desires to acquire.

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

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

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this chapter.

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

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

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

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

(1) state the general location of the parcels;

(2) call attention generally to any limitations in the redevelopment plan on the use to be made of the real property offered; and

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

(A) beneficiary of the trust; and

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

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

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

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

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

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

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

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

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

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

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

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

(1) ten (10) or more parcels to a purchaser or lessee who agrees to improve the parcels immediately;

(2) parcels of property to individuals or families whose income is at or below the county's median income for individual and family income, respectively, for the purpose of constructing single family or two (2) family housing; or

(3) parcels of property to a contractor or developer for the purpose of constructing single family or two (2) family housing for individuals or families whose income is at or below the county's median income for individual and family income, respectively;

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

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

(1) stating that consideration does not have to be paid before the conveyance is made; and

(2) setting forth an arrangement for future payment of consideration or provision of an infrastructure credit against the consideration, or both.

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

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

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

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

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

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

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

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

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

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

(1) the denominations of the bonds;

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

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

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

(d) The commission shall certify a copy of the resolution authorizing the bonds to the fiscal officer of the excluded city, 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.

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

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

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

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

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

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

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

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

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

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

(i) Proceeds from the sale of the 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 issue.

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

(k) If bonds are issued under this chapter that are payable solely or in part from revenues to a commission from a project or projects, a commission 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 but may not convey or mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and

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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 commission. The commission may establish fees and charges for the use of any project and covenant with the owners of 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 commission that are payable solely from revenues of the commission must contain a statement to that effect in the form of bond.

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

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

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

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

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

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

(1) pledge the revenue to make payments under the lease as provided in IC 5-1-14-4; and

(2) establish a special fund to make the payments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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the purposes of this chapter; or

(3) a combination of revenues under subdivisions (1) through (2);

in any amount to pay amounts payable under section 45 or 46 of this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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payable from the levy of taxes.

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

(1) undertake survey and planning activities under this chapter;

(2) undertake and carry out any redevelopment project or economic development plan;

(3) pay principal and interest on any advances;

(4) pay or retire any bonds and interest on them; or

(5) refund loans previously made under this section;

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

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

(1) to the federal government to evidence short term or long term loans made under this section; or

(2) to persons or entities other than the federal government to evidence short or long term loans made under this section that are unconditionally guaranteed by the federal government or federal agencies;

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

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

(1) be in the amounts, form, or denomination;

(2) be either coupon or registered;

(3) carry conversion or other privileges;

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

that the commission considers reasonable and appropriate.

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

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

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

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

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

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as if he had remained in office until the delivery.

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

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

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

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

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

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

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

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CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 53. (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 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) 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

(2) to the extent that 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.

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

(b) A resolution adopted under section 40 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 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 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. 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:

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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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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 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 an enterprise

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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 part 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.

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

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

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

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

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

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

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

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

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

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

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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:

(A) the STEP TWO quotient; times

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

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

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

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

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

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

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

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

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

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

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

(1) the plan for the economic development area:

(A) promotes significant opportunities for the gainful employment of its citizens;

(B) attracts a major new business enterprise to the unit;

(C) retains or expands a significant business enterprise existing in the boundaries of the unit; or

(D) meets other purposes of this section and sections 28 and 58 of this chapter;

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

(A) lack of local public improvement;

(B) existence of improvements or conditions that lower the value of the land below that of nearby land;

(C) multiple ownership of land; or

(D) other similar conditions;

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(3) the public health and welfare will be benefited by accomplishment of the plan for the economic development area;

(4) the accomplishment of the plan for the economic development area will be of public utility and benefit as measured by:

(A) attraction or retention of permanent jobs;

(B) increase in the property tax base;

(C) improved diversity of the economic base; or

(D) other similar public benefits; and

(5) the plan for the economic development area conforms to the comprehensive plan of development for the county.

(c) The determination that a geographic area is an economic development area must be approved by the excluded city legislative body. The approval may be given either before or after judicial review is requested. The requirement that the excluded city legislative body approve economic development areas does not prevent the commission from amending the plan for the economic development area. However, the enlargement of any boundary in the economic development area must be approved by the excluded city legislative body.

SECTION 25. IC 36-7-15.1-58 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 58. (a) All of the rights, powers, privileges, and immunities that may be exercised by a commission in a redevelopment area may be exercised by a commission in an economic development area, subject to the following:**

(1) The content and manner of exercise of these rights, powers, privileges, and immunities shall be determined by the purposes and nature of an economic development area.

(2) Real property (or interests in real property) relative to which action is taken under this section or section 28 or 57 of this chapter in an economic development area is not required to be blighted, deteriorated, or deteriorating.

(3) Bonds may be issued in accordance with section 45 of this chapter to defray expenses of carrying out activities under this chapter in economic development areas.

(4) The tax exemptions set forth in section 52 of this chapter are applicable in economic development areas.

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

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

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

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

SECTION 30. **An emergency is declared for this act.**

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