April 1, 2005

ENGROSSED
HOUSE BILL No. 1590

DIGEST OF HB 1590 (Updated March 30, 2005 3:22 pm - DI 87)

Citations Affected: IC 5-1; IC 7.1-3; IC 20-12; IC 36-7; noncode.

Synopsis: Blighted areas. Replaces references to "blighted area" in various redevelopments laws with "area needing redevelopment" or "redevelopment project area". Makes conforming changes.

Effective: July 1, 2005.

Moses, Ripley, Hoy
(SENATE SPONSORS — LONG, WYSS, HOWARD)

January 18, 2005, read first time and referred to Committee on Local Government.
January 27, 2005, reported — Do Pass.
February 7, 2005, read second time, ordered engrossed. Engrossed.
February 8, 2005, read third time, passed. Yeas 92, nays 1.

SENATE ACTION

February 14, 2005, read first time and referred to Committee on Governmental Affairs and Interstate Cooperation.
March 31, 2005, amended, reported favorably — Do Pass.

C o p y

April 1, 2005

First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

C o p y

ENGROSSED
HOUSE BILL No. 1590

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 5-1-14-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. Notwithstanding any other law, any issuer may take any reasonable and necessary action to establish or maintain the exclusion from gross income for interest on obligations of the issuer under federal law. These actions may include, without limitation:

(1) filing information reports with the federal government;

(2) rebating money derived from bond proceeds or money treated as bond proceeds under federal law, or earnings thereon, to the federal government;

(3) restricting the yield on money or earnings described in subdivision (2) to the yield on bonds of the issuer;

(4) investing money or earnings described in subdivision (2) in obligations of issuers that bear interest that is excludable from gross income under federal law;

(5) issuing obligations in an amount sufficient to serve the public purpose of the financing without considering earnings thereon;

(6) qualifying obligations under any volume cap or electing any carryforward of unused volume cap;

(7) designating, through its legislative body or any board responsible for issuing obligations as long as the obligations are executed by the executive of the issuer, obligations to qualify for any exemption from the loss of any deduction for interest incurred by any financial institution to carry tax exempt obligations or for any exemption from federal arbitrage rebate requirements; and

(8) complying with limitations imposed by federal law on the issuance of tax exempt bonds under IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, or IC 36-7-15.3, including, without limitation:

(A) designation of ~~blighted~~ **redevelopment project** areas by a legislative body (as defined in IC 36-1-2-9) having jurisdiction over the ~~blighted~~ area;

(B) considering any factors required by federal law in determining whether an area ~~is blighted,~~ **meets the criteria for designation as a redevelopment project area;** and

(C) limiting the use of property in a ~~blighted~~ **redevelopment project** area.

SECTION 2. IC 7.1-3-20-16.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16.1. (a) This section applies to a municipal riverfront development project authorized under section 16(d) of this chapter.

(b) In order to qualify for a permit, an applicant must demonstrate that the municipal riverfront development project area where the permit is to be located meets the following criteria:

(1) The project boundaries must border on at least one (1) side of a river.

(2) The proposed permit premises may not be located more than:

(A) one thousand five hundred (1,500) feet; or

(B) three (3) city blocks;

from the river, whichever is greater. However, if the area adjacent to the river is incapable of being developed because the area is in a floodplain, or for any other reason that prevents the area from being developed, the distances described in clauses (A) and (B) are measured from the city blocks located nearest to the river that are capable of being developed.

(3) The permit premises are located within:

(A) an economic development area, ~~a blighted~~ **a redevelopment project** area, an urban renewal area, or a redevelopment area established under IC 36-7-14, IC 36-7-14.5, or IC 36-7-15.1; or

C o p y

(B) an economic development project district under IC 36-7-15.2 or IC 36-7-26.

(4) The project must be funded in part with state and city money.

(5) The boundaries of the municipal riverfront development project must be designated by ordinance or resolution by the legislative body (as defined in IC 36-1-2-9(3) or IC 36-1-2-9(4)) of the city in which the project is located.

(c) Proof of compliance with subsection (b) must consist of the following documentation, which is required at the time the permit application is filed with the commission:

(1) A detailed map showing:

(A) definite boundaries of the entire municipal riverfront development project; and

(B) the location of the proposed permit within the project.

(2) A copy of the local ordinance or resolution of the local governing body authorizing the municipal riverfront development project.

(3) Detailed information concerning the expenditures of state and city funds on the municipal riverfront development project.

(d) Notwithstanding subsection (b), the commission may issue a permit for premises, the location of which does not meet the criteria of subsection (b)(2), if all the following requirements are met:

(1) All other requirements of this section and section 16(d) of this chapter are satisfied.

(2) The proposed premises is located not more than:

(A) three thousand (3,000) feet; or

(B) six (6) blocks;

from the river, whichever is greater. However, if the area adjacent to the river is incapable of being developed because the area is in a floodplain, or for any other reason that prevents the area from being developed, the distances described in clauses (A) and (B) are measured from the city blocks located nearest to the river that are capable of being developed.

(3) The permit applicant satisfies the criteria established by the commission by rule adopted under IC 4-22-2. The criteria established by the commission may require that the proposed premises be located in an area or district set forth in subsection (b)(3).

(4) The permit premises may not be located less than two hundred (200) feet from facilities owned by a state educational institution (as defined in IC 20-12-0.5-1).

(e) A permit may not be issued if the proposed permit premises is

C o p y

the location of an existing three-way permit subject to IC 7.1-3-22-3.

SECTION 3. IC 20-12-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. For the purposes of this chapter, the following terms shall have the meanings, respectively, ascribed to them below:

(a) "Educational institution of higher learning" shall mean an educational institution (no part of the net earnings of which shall inure to the benefit of any private shareholder or individual) which provides an educational program for which it awards a baccalaureate or more advanced degree, or provides for not less than a two (2) year program which is acceptable for full credit towards such a degree, and is accredited by a national accrediting agency or association or, if not so accredited, an educational institution whose credits are accepted, on transfer, by not less than three (3) such accredited educational institutions for credit on the same basis as if transferred from an educational institution so accredited.

(b) "Private redevelopment corporation" shall mean any corporation which is wholly owned or controlled by one (1) or more educational institutions of higher learning or a corporation which operates in behalf of an educational institution on a non-profit basis.

(c) "Municipality" shall mean any city or town which, pursuant to IC 36-7, is authorized through its redevelopment commission to undertake and carry out redevelopment or urban renewal projects.

(d) "Project area" shall mean a slum area or ~~a blighted or deteriorated or deteriorating~~ **an** area **needing redevelopment,** as defined in IC 36-7.

(e) "Redevelopment plan" shall mean a plan proposed by an educational institution of higher learning, or a private redevelopment corporation, for the redevelopment and renewal of a project area for educational uses. Such plan shall conform:

(1) to the general plan of the locality as a whole; and

(2) to the requirements of IC 36-7 with respect to the content of redevelopment or urban renewal plans.

SECTION 4. IC 36-7-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. ~~"Blighted~~ "Area **needing redevelopment"** means an area in which normal development and occupancy are undesirable or impossible because of:

(1) lack of development;

(2) cessation of growth;

(3) ~~deterioration of~~ **deteriorated or deteriorating** improvements;

(4) character of occupancy;

(5) age;

C o p y

(6) obsolescence;
(7) substandard buildings; or
(8) other factors that impair values or prevent a normal use or development of property.

SECTION 5. IC 36-7-1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. "Redevelopment" includes the following activities:

(1) Acquiring real property in ~~blighted~~ areas **needing redevelopment.**
(2) Replatting and determining the proper use of real property acquired.
(3) Opening, closing, relocating, widening, and improving public ways.
(4) Relocating, constructing, and improving sewers, utility services, offstreet parking facilities, and levees.
(5) Laying out and constructing necessary public improvements, including parks, playgrounds, and other recreational facilities.
(6) Restricting the use of real property acquired according to law.
(7) Repairing and maintaining buildings acquired, if demolition of those buildings is not considered necessary to carry out the redevelopment plan.
(8) Rehabilitating real or personal property, whether or not acquired, to carry out the redevelopment or urban renewal plan.
(9) Disposing of property acquired on the terms and conditions and for the uses and purposes that best serve the interests of the units served by the redevelopment commission.
(10) Making payments required or authorized by IC 8-23-17.
(11) Performing all acts incident to the statutory powers and duties of a redevelopment commission.

SECTION 6. IC 36-7-4-503 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 503. A comprehensive plan may, in addition to the elements required by section 502 of this chapter, include the following:

(1) Surveys and studies of current conditions and probable future growth within the jurisdiction and adjoining jurisdictions.
(2) Maps, plats, charts, and descriptive material presenting basic information, locations, extent, and character of any of the following:
(A) History, population, and physical site conditions.
(B) Land use, including the height, area, bulk, location, and use of private and public structures and premises.
(C) Population densities.

C o p y

(D) Community centers and neighborhood units.

(E) ~~Blighted~~ Areas **needing redevelopment** and conservation. ~~areas.~~

(F) Public ways, including bridges, viaducts, subways, parkways, and other public places.

(G) Sewers, sanitation, and drainage, including handling, treatment, and disposal of excess drainage waters, sewage, garbage, refuse, and other wastes.

(H) Air, land, and water pollution.

(I) Flood control and irrigation.

(J) Public and private utilities, such as water, light, heat, communication, and other services.

(K) Transportation, including rail, bus, truck, air and water transport, and their terminal facilities.

(L) Local mass transit, including taxicabs, buses, and street, elevated, or underground railways.

(M) Parks and recreation, including parks, playgrounds, reservations, forests, wildlife refuges, and other public places of a recreational nature.

(N) Public buildings and institutions, including governmental administration and service buildings, hospitals, infirmaries, clinics, penal and correctional institutions, and other civic and social service buildings.

(O) Education, including location and extent of schools, colleges, and universities.

(P) Land utilization, including agriculture, forests, and other uses.

(Q) Conservation of energy, water, soil, and agricultural and mineral resources.

(R) Any other factors that are a part of the physical, economic, or social situation within the jurisdiction.

(3) Reports, maps, charts, and recommendations setting forth plans and policies for the development, redevelopment, improvement, extension, and revision of the subjects and physical situations (set out in subdivision (2) of this section) of the jurisdiction so as to substantially accomplish the purposes of this chapter.

(4) A short and long range development program of public works projects for the purpose of stabilizing industry and employment and for the purpose of eliminating unplanned, unsightly, untimely, and extravagant projects.

(5) A short and long range capital improvements program of

C o p y

governmental expenditures so that the development policies established in the comprehensive plan can be carried out and kept up-to-date for all separate taxing districts within the jurisdiction to assure efficient and economic use of public funds.

(6) A short and long range plan for the location, general design, and assignment of priority for construction of thoroughfares in the jurisdiction for the purpose of providing a system of major public ways that allows effective vehicular movement, encourages effective use of land, and makes economic use of public funds.

SECTION 7. IC 36-7-14-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1.5. Notwithstanding any other law, for:

(1) ~~blighted~~ areas **needing redevelopment;**

(2) redevelopment **project** areas;

(3) urban renewal project areas; or

(4) economic development areas;

established after January 1, 1992, this chapter does not apply to fire protection districts established under IC 36-8-11.

SECTION 8. IC 36-7-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) The clearance, replanning, and redevelopment of ~~blighted~~ areas **needing redevelopment** under this chapter are public uses and purposes for which public money may be spent and private property may be acquired.

(b) Each unit shall, to the extent feasible under this chapter and consistent with the needs of the unit as a whole, afford a maximum opportunity for rehabilitation or redevelopment of areas by private enterprise.

SECTION 9. IC 36-7-14-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. The redevelopment commission shall:

(1) investigate, study, and survey ~~blighted~~ areas **needing redevelopment** within the corporate boundaries of the unit;

(2) investigate, study, determine, and, to the extent possible, combat the causes of ~~blighted~~ areas **needing redevelopment;**

(3) promote the use of land in the manner that best serves the interests of the unit and its inhabitants;

(4) cooperate with the departments and agencies of the unit, and of other governmental entities, in the manner that best serves the purposes of this chapter;

(5) make findings and reports on their activities under this section, and keep those reports open to inspection by the public

C o p y

at the offices of the department;

(6) select and acquire the ~~blighted~~ areas **needing redevelopment** to be redeveloped under this chapter; and

(7) replan and dispose of the ~~blighted~~ areas **needing redevelopment** in the manner that best serves the social and economic interests of the unit and its inhabitants.

SECTION 10. IC 36-7-14-12.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.2. (a) The redevelopment commission may:

(1) acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of ~~blighted~~ areas **needing redevelopment that are** located within the corporate boundaries of the unit;

(2) hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of ~~blighted~~ areas **needing redevelopment** on the terms and conditions that the commission considers best for the unit and its inhabitants;

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

(4) clear real property acquired for redevelopment purposes;

(5) repair and maintain structures acquired for redevelopment purposes;

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

(7) survey or examine any land to determine whether it should be included within ~~a blighted~~ **an** area **needing redevelopment** to be acquired for redevelopment purposes and to determine the value of that land;

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

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

(B) any ~~blighted~~ area **needing redevelopment** within the jurisdiction of the commissioners;

(9) institute or defend in the name of the unit any civil action;

(10) use any legal or equitable remedy that is necessary or

C o p y

considered proper to protect and enforce the rights of and perform the duties of the department of redevelopment;

(11) exercise the power of eminent domain in the name of and within the corporate boundaries of the unit in the manner prescribed by section 20 of this chapter;

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

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

(14) prescribe the duties and regulate the compensation of employees of the department of redevelopment;

(15) provide a pension and retirement system for employees of the department of redevelopment by using the Indiana public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development;

(16) discharge and appoint successors to employees of the department of redevelopment subject to subdivision (13);

(17) rent offices for use of the department of redevelopment, or accept the use of offices furnished by the unit;

(18) equip the offices of the department of redevelopment with the necessary furniture, furnishings, equipment, records, and supplies;

(19) expend, on behalf of the special taxing district, all or any part of the money of the special taxing district;

(20) contract for the construction of:

(A) local public improvements (as defined in IC 36-7-14.5-6) or structures that are necessary for redevelopment of ~~blighted~~ areas **needing redevelopment** or economic development within the corporate boundaries of the unit; or

(B) any structure that enhances development or economic development;

(21) contract for the construction, extension, or improvement of pedestrian skyways;

(22) accept loans, grants, and other forms of financial assistance from the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source;

(23) provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential units within the district. However, financial assistance may be

C o p y

provided only to individuals and families whose income is at or below the unit's median income for individuals and families, respectively;

(24) provide financial assistance (including grants and loans) to neighborhood development corporations to permit them to:

(A) provide financial assistance for the purposes described in subdivision (23); or

(B) construct, rehabilitate, or repair commercial property within the district; and

(25) require as a condition of financial assistance to the owner of a multiple unit residential structure that any of the units leased by the owner must be leased:

(A) for a period to be determined by the commission, which may not be less than five (5) years;

(B) to families whose income does not exceed eighty percent (80%) of the unit's median income for families; and

(C) at an affordable rate.

(b) Conditions imposed by the commission under subsection (a)(25) remain in force throughout the period determined under subsection (a)(25)(A), even if the owner sells, leases, or conveys the property. The subsequent owner or lessee is bound by the conditions for the remainder of the period.

(c) As used in this section, "pedestrian skyway" means a pedestrian walkway within or outside of the public right-of-way and through and above public or private property and buildings, including all structural supports required to connect skyways to buildings or buildings under construction. Pedestrian skyways constructed, extended, or improved over or through public or private property constitute public property and public improvements, constitute a public use and purpose, and do not require vacation of any public way or other property.

(d) All powers that may be exercised under this chapter by the redevelopment commission may also be exercised by the redevelopment commission in carrying out its duties and purposes under IC 36-7-14.5.

SECTION 11. IC 36-7-14-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. (a) Whenever the redevelopment commission finds that:

(1) an area in the territory under their jurisdiction ~~has become blighted to an extent that~~ **is an area needing redevelopment;**

(2) the conditions described in IC 36-7-1-3 cannot be corrected **in the area** by regulatory processes or the ordinary operations of private enterprise without resort to this chapter; and ~~that~~

C o p y

(3) the public health and welfare will be benefited by the acquisition and redevelopment of the area under this chapter;

the commission shall cause to be prepared **the data described in subsection (b).**

(b) After making a finding under subsection (a), the commission shall cause to be prepared:

(1) maps and plats showing:

(A) the boundaries of the ~~blighted~~ area **needing redevelopment,** the location of the various parcels of property, streets, alleys, and other features affecting the acquisition, clearance, replatting, replanning, rezoning, or redevelopment of the area, indicating any parcels of property to be excluded from the acquisition; and

(B) the parts of the area acquired that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes under the redevelopment plan;

(2) lists of the owners of the various parcels of property proposed to be acquired; and

(3) an estimate of the cost of acquisition and redevelopment.

~~(b)~~ **(c)** After completion of the data required by subsection ~~(a),~~ **(b),** the redevelopment commission shall adopt a resolution declaring that:

(1) the ~~blighted~~ area **needing redevelopment** is a menace to the social and economic interest of the unit and its inhabitants; ~~and that~~

(2) it will be of public utility and benefit to acquire the area and redevelop it under this chapter; **and**

(3) the area is designated as a redevelopment project area for purposes of this chapter.

The resolution must state the general boundaries of the **redevelopment project** area, and that the department of redevelopment proposes to acquire all of the interests in the land within the boundaries, with certain designated exceptions, if there are any.

~~(c)~~ **(d)** For the purpose of adopting a resolution under subsection ~~(b),~~ **(c),** it is sufficient to describe the boundaries of the **redevelopment project** area by its location in relation to public ways or streams, or otherwise, as determined by the commissioners. Property excepted from the acquisition may be described by street numbers or location.

SECTION 12. IC 36-7-14-15.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15.5. (a) This section applies to a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).

(b) In adopting a declaratory resolution under section 15 of this

C o p y

chapter, a redevelopment commission may include a provision **stating** that the ~~blighted~~ **redevelopment project** area is considered to include one (1) or more additional areas outside the boundaries of the ~~blighted~~ **redevelopment project** area if the redevelopment commission makes the following findings and the requirements of subsection (c) are met:

(1) One (1) or more taxpayers presently located within the boundaries of the ~~blighted~~ **redevelopment project** area are expected within one (1) year to relocate all or part of their operations outside the boundaries of the ~~blighted~~ **redevelopment project** area and have expressed an interest in relocating all or part of their operations within the boundaries of an additional area.

(2) The relocation described in subdivision (1) will contribute to the ~~blighted condition of the blighted~~ **continuation of the conditions described in IC 36-7-1-3 in the redevelopment project** area.

(3) **For purposes of this section,** it will be of public utility and benefit to include the additional areas as part of the ~~blighted~~ **redevelopment project** area. ~~for purposes of this section.~~

(c) Each additional area must be designated by the redevelopment commission as a ~~blighted~~ **redevelopment project** area or an economic development area under this chapter.

(d) Notwithstanding section 3 of this chapter, the additional areas shall be considered to be a part of the redevelopment special taxing district under the jurisdiction of the redevelopment commission. Any excess property taxes that the commission has determined may be paid to taxing units under section 39(b)(3) of this chapter shall be paid to the taxing units from which the excess property taxes were derived. All powers of the redevelopment commission authorized under this chapter may be exercised by the redevelopment commission in additional areas under its jurisdiction.

(e) The declaratory resolution must include a statement of the general boundaries of each additional area. However, it is sufficient to describe those boundaries by location in relation to public ways, streams, or otherwise, as determined by the commissioners.

(f) The declaratory resolution may include a provision with respect to the allocation and distribution of property taxes with respect to one (1) or more of the additional areas in the manner provided in section 39 of this chapter. If the redevelopment commission includes such a provision in the resolution, allocation areas in the ~~blighted~~ **redevelopment project** area and **in the** additional areas considered to be part of the ~~blighted~~ **redevelopment project** area shall be considered

C o p y

a single allocation area for purposes of this chapter.

(g) The additional areas must be located within the same county as the ~~blighted~~ **redevelopment project** area but are not otherwise required to be within the jurisdiction of the redevelopment commission, if the redevelopment commission obtains the consent by ordinance of:

(1) the county legislative body, for each additional area located within the unincorporated part of the county; or

(2) the legislative body of the city or town affected, for each additional area located within a city or town.

In granting its consent, the legislative body shall approve the plan of development or redevelopment relating to the additional area.

(h) A declaratory resolution previously adopted may be amended to include a provision to include additional areas as set forth in this section and an allocation provision under section 39 of this chapter with respect to one (1) or more of the additional areas in accordance with section 17.5 of this chapter.

(i) The redevelopment commission may amend the allocation provision of a declaratory resolution in accordance with section 17.5 of this chapter to change the assessment date that determines the base assessed value of property in the allocation area to any assessment date following the effective date of the allocation provision of the declaratory resolution. Such a change may relate to the assessment date that determines the base assessed value of that portion of the allocation area that is located in the ~~blighted~~ **redevelopment project** area alone, that portion of the allocation area that is located in an additional area alone, or the entire allocation area.

SECTION 13. IC 36-7-14-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) After adoption of a resolution under section 15 of this chapter, the redevelopment commission shall submit the resolution and supporting data to the plan commission of the unit, or if there is no plan commission, then to the body charged with the duty of developing a general plan for the unit, if there is such a body. The plan commission may determine whether the resolution and the redevelopment plan conform to the plan of development for the unit and approve or disapprove the resolution and plan proposed. The redevelopment commission may amend or modify the resolution and proposed plan in order to conform them to the requirements of the plan commission. The plan commission shall issue its written order approving or disapproving the resolution and redevelopment plan, and may, with the consent of the redevelopment commission, rescind or modify that order.

(b) The redevelopment commission may not proceed with the

C o p y

acquisition of a ~~blighted~~ **redevelopment project** area until the approving order of the plan commission is issued and approved by the municipal legislative body or county executive.

(c) In determining the location and extent of a ~~blighted~~ **redevelopment project** area proposed to be acquired for redevelopment, the redevelopment commission and the plan commission of the unit shall give consideration to transitional and permanent provisions for adequate housing for the residents of the area who will be displaced by the redevelopment project.

SECTION 14. IC 36-7-14-17.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17.5. (a) The commission must conduct a public hearing before amending a resolution or plan for a redevelopment **project** area, an urban renewal project area, or an economic development area. The commission shall give notice of the hearing in accordance with IC 5-3-1. The notice must:

(1) set forth the substance of the proposed amendment;

(2) state the time and place where written remonstrances against the proposed amendment may be filed;

(3) set forth the time and place of the hearing; and

(4) state that the commission will hear any person who has filed a written remonstrance during the filing period set forth under subdivision (2).

(b) For the purposes of this section, the consolidation of areas is not considered the enlargement of the boundaries of an area.

(c) When the commission proposes to amend a resolution or plan, the commission is not required to have evidence or make findings that were required for the establishment of the original redevelopment **project** area, urban renewal area, or economic development area. However, the commission must make the following findings before approving the amendment:

(1) The amendment is reasonable and appropriate when considered in relation to the original resolution or plan and the purposes of this chapter.

(2) The resolution or plan, with the proposed amendment, conforms to the comprehensive plan for the unit.

(d) In addition to the requirements of subsection (a), if the resolution or plan is proposed to be amended in a way that changes:

(1) parts of the area that are to be devoted to a public way, levee, sewerage, park, playground, or other public purposes;

(2) the proposed use of the land in the area; or

(3) requirements for rehabilitation, building requirements,

C o p y

proposed zoning, maximum densities, or similar requirements; the commission must, at least ten (10) days before the public hearing, send the notice required by subsection (a) by first class mail to affected neighborhood associations.

(e) In addition to the requirements of subsection (a), if the resolution or plan is proposed to be amended in a way that:

(1) enlarges the boundaries of the area by not more than twenty percent (20%) of the original area; or

(2) adds one (1) or more parcels to the list of parcels to be acquired;

the commission must, at least ten (10) days before the public hearing, send the notice required by subsection (a) by first class mail to affected neighborhood associations and to persons owning property that is in the proposed enlargement of the area or that is proposed to be added to the acquisition list. If the enlargement of an area is proposed, notice must also be filed in accordance with section 17(b) of this chapter, and agencies and officers may not take actions prohibited by section 17(b) of this chapter in the proposed enlarged area.

(f) Notwithstanding subsections (a) and (c), if the resolution or plan is proposed to be amended in a way that enlarges the original boundaries of the area by more than twenty percent (20%), the commission must use the procedure provided for the original establishment of areas and must comply with sections 15 through 17 of this chapter.

(g) At the hearing on the amendments, the commission shall consider written remonstrances that are filed. The action of the commission on the amendment shall be recorded and is final and conclusive, except that an appeal of the commission's action may be taken under section 18 of this chapter.

(h) The commission may require that neighborhood associations register with the commission. The commission may adopt a rule that requires that a neighborhood association encompass a part of the geographic area included in or proposed to be included in a redevelopment **project** area, urban renewal area, or economic development area to qualify as an affected neighborhood association.

SECTION 15. IC 36-7-14-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. (a) If no appeal is taken or if an appeal is taken but is unsuccessful, the redevelopment commission shall proceed with the proposed project to the extent that money is available for that purpose.

(b) The redevelopment commission shall first approve and adopt a list of the real property and interests in real property to be acquired and

C o p y

the price to be offered to the owner of each parcel of 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 of redevelopment. The prices indicated on the list may not be exceeded unless specifically authorized by the commission or ordered by a court in condemnation proceedings. The commission may except from acquisition any real property in the area if the commission 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 redevelopment commission, by its employees, or by expert 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 the "City (Town or County) of _____ for the use and benefit of its department of redevelopment".

(d) All real property and interests in real property acquired by the redevelopment commission are free and clear of all liens, assessments, and other governmental charges except for current property taxes, which shall be prorated to the date of acquisition.

(e) Notwithstanding subsections (a) through (d), the redevelopment commission may, before the time referred to in this section, accept gifts of property needed for the redevelopment of ~~blighted~~ **redevelopment project** areas if the property is free and clear of all liens other than taxes, assessments, and other governmental charges. 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~~ **redevelopment project** areas if the options and contracts are not binding on the commission or the district until the time referred to in this section and until money is available to pay the consideration

C o p y

set out in the options or contracts.

SECTION 16. IC 36-7-14-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. (a) If the redevelopment commission considers it necessary to acquire real property in a ~~blighted~~ **redevelopment project** area by the exercise of the power of eminent domain, they shall adopt a resolution setting out their determination to exercise that power and directing their attorney to file a petition in the name of the unit on behalf of the department of redevelopment, in the circuit or superior court of the county in which the property is situated.

(b) Eminent domain proceedings under this section are governed by IC 32-24 and other applicable statutory provisions for the exercise of the power of eminent domain. Property already devoted to a public use may be acquired under this section, but property belonging to the state or any political subdivision may not be acquired without its consent.

(c) The court having jurisdiction shall direct the clerk of the circuit court to execute a deed conveying the title of real property acquired under this section to the unit for the use and benefit of its department of redevelopment.

SECTION 17. IC 36-7-14-25.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 25.1. (a) In addition to other methods of raising money for property acquisition or redevelopment in a ~~blighted~~ **redevelopment project** area, and in anticipation of the special tax to be levied under section 27 of this chapter, the taxes allocated under section 39 of this chapter, or other revenues of the district, or any combination of these sources, the redevelopment commission may, by resolution and subject to subsection (p), issue the bonds of the special taxing district in the name of the unit. 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 by this chapter and a debt service reserve for the bonds to the extent the redevelopment commission determines that a reserve is reasonably required; and

(4) expenses that the redevelopment commission is required or

C o p y

permitted to pay under IC 8-23-17.

(b) If the redevelopment 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, the 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 of the bond resolution for registering 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 redevelopment commission.

(d) The redevelopment commission shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds, subject to subsection (p). 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 must be executed by the appropriate officer of the unit, and attested by the municipal or county fiscal officer.

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

(g) The municipal or county fiscal officer shall give notice of the sale of the bonds by publication in accordance with IC 5-3-1. The municipal fiscal officer, or county fiscal officer or executive, shall sell the bonds to the highest bidder, but may not sell them for less than ninety-seven percent (97%) of their par value. However, bonds payable solely or in part from tax proceeds allocated under section 39(b)(2) of this chapter, or other revenues of the district may be sold at a private negotiated sale.

(h) Except as provided in subsection (i), a redevelopment commission may not issue the bonds when the total issue, including bonds already issued and to be issued, exceeds two percent (2%) of the adjusted value of the taxable property in the special taxing district, as determined under IC 36-1-15.

(i) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the redevelopment commission:

(1) from a special tax levied upon all of the property in the taxing district, as provided by section 27 of this chapter;

(2) from the tax proceeds allocated under section 39(b)(2) of this

C o p y

chapter;

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

(4) from a combination of the methods stated in subdivisions (1) through (3).

If the bonds are payable solely from the tax proceeds allocated under section 39(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.

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

(k) All laws relating to the giving of notice of the issuance of bonds, the giving of notice of a hearing on the appropriation of the proceeds of the bonds, the right of taxpayers to appear and be heard on the proposed appropriation, and the approval of the appropriation by the department of local government finance apply to all bonds issued under this chapter that are payable from the special benefits tax levied pursuant to section 27 of this chapter or from taxes allocated under section 39 of this chapter.

(l) All laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers to remonstrate against the issuance of bonds apply to bonds issued under this chapter, except for bonds payable solely from tax proceeds allocated under section 39(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources.

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

(n) Any amount remaining in the debt service reserve after all of the bonds of the issue for which the debt service reserve was established have matured shall be deposited in the allocation fund established under section 39(b)(2) of this chapter.

(o) If bonds are issued under this chapter that are payable solely or in part from revenues to the redevelopment commission from a project or projects, the redevelopment 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 enforcing the rights and remedies of the bond owners as may be reasonable and

C o p y

proper and not in violation of law, including covenants setting forth the duties of the redevelopment commission. The redevelopment commission may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the redevelopment commission that are payable solely from revenues of the commission shall contain a statement to that effect in the form of bond.

(p) If the total principal amount of bonds authorized by a resolution of the redevelopment commission is equal to or greater than three million dollars ($3,000,000), the bonds may not be issued without the approval, by resolution, of the legislative body of the unit.

SECTION 18. IC 36-7-14-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 30. In addition to its authority under any other section of this chapter, the redevelopment commission may plan and undertake urban renewal projects. For purposes of this chapter, an urban renewal project includes undertakings and activities for the elimination and the prevention of ~~blighted, deteriorated, or deteriorating areas,~~ **the conditions described in IC 36-7-1-3,** and may involve any work or undertaking that is performed for those purposes and is related to a redevelopment project, or any rehabilitation or conservation work, or any combination of such an undertaking or work, such as:

(1) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;

(2) acquisition of real property and demolition, removal, or rehabilitation of buildings and improvements on the property when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, lessen density, reduce traffic hazards, eliminate uses that are obsolete or otherwise detrimental to the public welfare, otherwise remove or prevent the spread of ~~blight or deterioration~~ **the conditions described in IC 36-7-1-3,** or provide land for needed public facilities;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project; and

(4) the disposition, for uses in accordance with the objectives of the urban renewal project, of any property acquired in the area of the project.

SECTION 19. IC 36-7-14-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 32. (a) In connection with the planning and undertaking of an urban renewal plan or urban

C o p y

renewal project, the redevelopment commission, municipal, county, public, and private officers, agencies, and bodies have all the rights, powers, privileges, duties, and immunities that they have with respect to a redevelopment plan or redevelopment project, as if all of the provisions of this chapter applicable to a redevelopment plan or redevelopment project were applicable to an urban renewal plan or urban renewal project.

(b) In addition to its other powers, the redevelopment commission may also:

(1) make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements;

(2) make plans for the enforcement of laws and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements;

(3) make preliminary plans outlining urban renewal activities for neighborhoods to embrace two (2) or more urban renewal areas;

(4) make preliminary surveys to determine if the undertaking and carrying out of an urban renewal project are feasible;

(5) make plans for the relocation of persons (including families, business concerns, and others) displaced by an urban renewal project;

(6) make relocation payments to or with respect to persons (including families, business concerns, and others) displaced by an urban renewal project, for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of payments financed by the federal government; and

(7) develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of **the conditions described in IC 36-7-1-3 in** urban ~~blight.~~ **areas.**

SECTION 20. IC 36-7-14-34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 34. (a) The redevelopment commission may prepare a workable program:

(1) to use private and public resources to eliminate and prevent ~~urban blight and deterioration;~~ **the conditions described in IC 36-7-1-3 in urban areas;**

(2) to encourage needed urban rehabilitation;

(3) to provide for the redevelopment of ~~blighted or deteriorated~~ areas **needing redevelopment;** or

(4) to undertake any feasible activities that are suitably employed

C o p y

to achieve the objectives of such a program.

(b) A program established under subsection (a) may include an official plan of action for:

(1) effectively dealing with the problem of ~~blighted, deteriorated, or deteriorating,~~ areas **needing redevelopment** within the community; and

(2) the establishment and preservation of a well planned community with well organized residential neighborhoods of decent homes and suitable living environment for adequate family life.

SECTION 21. IC 36-7-14-36 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 36. (a) In addition to all of the other powers, authority, and jurisdiction of a redevelopment commission operating under this chapter, a commission may undertake a neighborhood development program. A neighborhood development program may include one (1) or more contiguous or noncontiguous ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment.** These areas may include redevelopment **project areas** or urban renewal project areas.

(b) Whenever the redevelopment commission finds that any area in the territory under their jurisdiction ~~has become blighted, deteriorated, or deteriorating~~ **is an area needing redevelopment** to an extent that cannot be corrected by regulatory processes or by the ordinary operations of private enterprise without resort to the provisions of this chapter, and that the public health and welfare would be benefited by the redevelopment or urban renewal of that area under this chapter, the commission shall prepare a description and map showing the boundaries of the area to be included in the neighborhood development program.

(c) After preparation of the description and map under subsection (b), the redevelopment commission shall adopt a resolution declaring, confirming, and delineating the general boundaries of the ~~blighted, deteriorated, or deteriorating~~ area and of the parts of that area that are to be designated as redevelopment **project areas** or urban renewal areas. However, an area may not be designated as a redevelopment **project area** or urban renewal area unless the required appraisals, maps, plats and plans have been prepared and all other requirements of this chapter are met.

(d) Areas designated as redevelopment **project areas** or urban renewal areas under this section are considered to be redevelopment **project areas** or urban renewal areas for all purposes of this chapter. Areas within the neighborhood development program area that are not

C o p y

so designated are not considered to be redevelopment **project areas** or urban renewal areas until designated as such by an amendment to the neighborhood development plan, adopted in the same manner and with the same procedure as a declaratory and confirmatory resolution declaring an area ~~blighted for~~ **a** redevelopment **project area** or urban renewal ~~projects.~~ **area.**

(e) The redevelopment commission may make studies, appraisals, maps, plats, and plans of areas within the neighborhood development program area that have not been designated as redevelopment **project areas** or urban renewal project areas. However, the commission may not acquire any land in those areas until the neighborhood development plan has been amended to designate that land as a part of an urban renewal or redevelopment project area.

(f) The redevelopment commission may amend the neighborhood development plan, in the manner prescribed by subsection (d), to include additional areas in the neighborhood development program areas, either generally or as urban renewal or redevelopment project areas.

(g) The redevelopment commission may apply for and accept advances, loans, grants, contributions, and any other forms of financial assistance from the federal government, may contract with the federal government for any costs arising from a neighborhood development program, or may otherwise contract with the federal government concerning a neighborhood development program, to the same extent as they may for urban renewal project areas.

SECTION 22. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 39. (a) As used in this section:

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

"Base assessed value" means the following:

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

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

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential

C o p y

property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

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

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

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

(3) If:

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

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

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

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

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

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

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted

C o p y

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

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, 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~~ **redevelopment project** area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

(B) the base assessed value;

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

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid

C o p y

into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

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

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

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

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

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

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

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

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

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

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

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that

C o p y

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 taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

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

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

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

(i) in the allocation area; and

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

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

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

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

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in

C o p y

subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

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

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

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

(2) the base assessed value.

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

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

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

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

(2) the base assessed value.

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

C o p y

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

(h) The state board of accounts and department of local government finance 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 department of local government finance 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 department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 23. IC 36-7-14-43 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 43. (a) All of the rights, powers, privileges, and immunities that may be exercised by the commission in a redevelopment **project** area or urban renewal area

C o p y

may be exercised by the 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 in an economic development area is not required to ~~be blighted, deteriorated, or deteriorating.~~ **meet the conditions described in IC 36-7-1-3.**

(3) The special tax levied in accordance with section 27 of this chapter may be used to carry out activities under this chapter in economic development areas.

(4) Bonds may be issued in accordance with section 25.1 of this chapter to defray expenses of carrying out activities under this chapter in economic development areas.

(5) The tax exemptions set forth in section 37 of this chapter are applicable in economic development areas.

(6) An economic development area may be an allocation area for the purposes of distribution and allocation of property taxes.

(7) The commission may not use its power of eminent domain under section 20 of this chapter to carry out activities under this chapter in an economic development area.

(b) The content and manner of discharge of duties set forth in section 11 of this chapter shall be determined by the purposes and nature of an economic development area.

SECTION 24. IC 36-7-14-44 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 44. A ~~blighted~~ **redevelopment project** area, an urban renewal area, or an economic development area established under this chapter may not include any land that constitutes part of a military base reuse area established under IC 36-7-30.

SECTION 25. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

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

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

(2) with the same effect as if the economic development area was

C o p y

created by a redevelopment commission.

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

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

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

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

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

(4) Clear real property acquired for redevelopment purposes.

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

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

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

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

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

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

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

C o p y

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

C o p y

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

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

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

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

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

C o p y

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

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

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

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

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

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

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

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

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

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

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the department of local

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government finance.

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

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

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

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

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

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

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

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

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

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

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

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

(8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest

C o p y

on the bonds as provided in the bond resolution.

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

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

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

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

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

C o p y

SECTION 26. IC 36-7-15.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) The clearance, replanning, and redevelopment of ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** are public and governmental functions that cannot be accomplished through the ordinary operations of private enterprise, due to the necessity for the exercise of the power of eminent domain, the necessity for requiring the proper use of the land so as to best serve the interests of the county and its citizens, and the cost of these projects.

(b) The conditions that exist in ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** are beyond remedy and control by regulatory processes because of the obsolescence and deteriorated conditions of improvements, faulty land use, shifting of population, and technological and social changes.

(c) The clearing, replanning, and redevelopment of ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** will benefit the health, safety, morals, and welfare, and will serve to protect and increase property values in the county and the state.

(d) The clearance, replanning, and redevelopment of ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** under this chapter are public uses and purposes for which public money may be spent and private property may be acquired.

(e) This chapter shall be liberally construed to carry out the purposes of this section.

SECTION 27. IC 36-7-15.1-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. The commission shall:

(1) investigate, study, and survey ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** within the redevelopment district;

(2) investigate, study, determine, and to the extent possible combat the causes of ~~blight and deterioration,~~ **the conditions described in IC 36-7-1-3;**

(3) promote the use of land in the manner that best serves the interests of the consolidated city and its inhabitants, both from the standpoint of human needs and economic values;

(4) cooperate with the departments and agencies of the city, and of other governmental entities, in the manner that best serves the purposes of this chapter;

(5) make findings and reports on its activities under this section, and keep those reports open to inspection by the public at the offices of the department;

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(6) select and acquire the ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** to be redeveloped under this chapter; and

(7) replan and dispose of the ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment** in the manner that best serves the social and economic interests of the city and its inhabitants.

SECTION 28. IC 36-7-15.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) In carrying out its duties and purposes under this chapter, the commission may do the following:

(1) Acquire by purchase, exchange, gift, grant, lease, or condemnation, or any combination of methods, any real or personal property or interest in property needed for the redevelopment of ~~blighted, deteriorated, and deteriorating~~ areas **needing redevelopment that are** located within the redevelopment district.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, invest in, or otherwise dispose of, through any combination of methods, property acquired for use in the redevelopment of ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment** on the terms and conditions that the commission considers best for the city and its inhabitants.

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

(4) Clear real property acquired for redevelopment purposes.

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

(6) Enter upon, survey, or examine any land, to determine whether it should be included within ~~a blighted, deteriorated, or deteriorating~~ **an** area **needing redevelopment** to be acquired for redevelopment purposes, and determine the value of that land.

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

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

(B) any ~~blighted, deteriorated, or deteriorating~~ area **needing**

C o p y

redevelopment within the jurisdiction of the commission.

(8) Exercise the power of eminent domain in the name of the city, within the redevelopment district, in the manner prescribed by this chapter.

(9) Establish a uniform fee schedule whenever appropriate for the performance of governmental assistance, or for providing materials and supplies to private persons in project or program related activities.

(10) Expend, on behalf of the redevelopment district, all or any part of the money available for the purposes of this chapter.

(11) Contract for the construction, extension, or improvement of pedestrian skyways.

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

(13) Provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential units within the district. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(14) Provide financial assistance (including grants and loans) to neighborhood development corporations to permit them to:

(A) provide financial assistance for the purposes described in subdivision (13); or

(B) construct, rehabilitate, or repair commercial property within the district.

(15) Require as a condition of financial assistance to the owner of a multiunit residential structure that any of the units leased by the owner must be leased:

(A) for a period to be determined by the commission, which may not be less than five (5) years;

(B) to families whose income does not exceed eighty percent (80%) of the county's median income for families; and

(C) at an affordable rate.

Conditions imposed by the commission under this subdivision remain in force throughout the period determined under clause (A), even if the owner sells, leases, or conveys the property. The subsequent owner or lessee is bound by the conditions for the remainder of the period.

(16) Provide programs in job training, job enrichment, and basic

C o p y

skill development for residents of an enterprise zone.

(17) Provide loans and grants for the purpose of stimulating business activity in an enterprise zone or providing employment for residents of an enterprise zone.

(18) Contract for the construction, extension, or improvement of:

(A) public ways, sidewalks, sewers, waterlines, parking facilities, park or recreational areas, or other local public improvements (as defined in IC 36-7-15.3-6) or structures that are necessary for redevelopment of ~~blighted~~ areas **needing redevelopment** or economic development within the redevelopment district; or

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

(b) In addition to its powers under subsection (a), the commission may plan and undertake, alone or in cooperation with other agencies, projects for the redevelopment of, rehabilitating, preventing the spread of, or eliminating slums ~~blighted areas, deteriorated areas, or deteriorating~~ **or** areas **needing redevelopment,** both residential and nonresidential, which projects may include any of the following:

(1) The repair or rehabilitation of buildings or other improvements by the commission, owners, or tenants.

(2) The acquisition of real property.

(3) The demolition and removal of buildings or improvements on buildings acquired by the commission where necessary to eliminate unhealthful, unsanitary, or unsafe conditions, to lessen density, to reduce traffic hazards, to eliminate obsolete or other uses detrimental to public welfare, to otherwise remove or prevent ~~blight or deterioration,~~ **the conditions described in IC 36-7-1-3,** or to provide land for needed public facilities.

(4) The preparation of sites and the construction of improvements (such as public ways and utility connections) to facilitate the sale or lease of property.

(5) The construction of buildings or facilities for residential, commercial, industrial, public, or other uses.

(6) The disposition in accordance with this chapter, for uses in accordance with the plans for the projects, of any property acquired in connection with the projects.

(c) The commission may use its powers under this chapter relative to real property and interests in real property obtained by voluntary sale or transfer, even though the real property and interests in real property are not located in a redevelopment or urban renewal project area established by the adoption and confirmation of a resolution under

C o p y

sections 8(b), 9, 10, and 11 of this chapter. In acquiring real property and interests in real property outside of a redevelopment or urban renewal project area, the commission shall comply with section 12(b) through 12(e) of this chapter. The commission shall hold, develop, use, and dispose of this real property and interests in real property substantially in accordance with section 15 of this chapter.

(d) As used in this section, "pedestrian skyway" means a pedestrian walkway within or outside of the public right-of-way and through and above public or private property and buildings, including all structural supports required to connect skyways to buildings or buildings under construction. Pedestrian skyways constructed, extended, or improved over or through public or private property constitute public property and public improvements, constitute a public use and purpose, and do not require vacation of any public way or other property.

(e) All powers that may be exercised under this chapter by the commission may also be exercised by the commission in carrying out its duties and purposes under IC 36-7-15.3.

SECTION 29. IC 36-7-15.1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) Whenever the commission finds that:

(1) an area in the redevelopment district ~~has become blighted, deteriorated, or deteriorating to an extent that~~ **is an area needing redevelopment;**

(2) the conditions described in IC 36-7-1-3 cannot be corrected **in the area** by regulatory processes or by the ordinary operations of private enterprise without resort to this chapter; and ~~that~~

(3) the public health and welfare will be benefited by the acquisition and redevelopment of the area under this chapter;

the commission shall cause to be prepared a redevelopment or urban renewal plan.

(b) The **redevelopment or urban renewal** plan must include:

(1) maps, plats, or maps and plats, showing:

(A) the boundaries of the ~~blighted~~ area **needing redevelopment,** the location of the various parcels of property, public ways, and other features affecting the acquisition, clearance, replatting, replanning, rezoning, or redevelopment of the area or areas, indicating any parcels of property to be excluded from the acquisition; and

(B) the parts of the area acquired that are to be devoted to public ways, levees, sewerage, parks, playgrounds, and other public purposes;

(2) lists of the owners of the various parcels of property proposed

C o p y

to be acquired; and

(3) an estimate of the cost of acquisition and redevelopment.

~~(b)~~ **(c)** After completion of the data required by subsection ~~(a),~~ **(b),** the commission shall adopt a resolution declaring that:

(1) the ~~blighted, deteriorated, or deteriorating~~ area **needing redevelopment** is a detriment to the social or economic interests of the consolidated city and its inhabitants; ~~and that~~

(2) it will be of public utility and benefit to acquire the area and redevelop it under this chapter; **and**

(3) the area is designated as a redevelopment project area for purposes of this chapter.

The resolution must state the general boundaries of the **redevelopment project** area and identify the interests in real or personal property, if any, that the department proposes to acquire in the area.

~~(c)~~ **(d)** For the purpose of adopting a resolution under subsection ~~(b),~~ **(c),** it is sufficient to describe the boundaries of the **redevelopment project** area by its location in relation to public ways or streams, or otherwise, as determined by the commission. Property proposed for acquisition may be described by street numbers or location.

SECTION 30. IC 36-7-15.1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) After or concurrent with adoption of a resolution under section 8 of this chapter, the commission shall determine whether the resolution and the redevelopment plan conform to the comprehensive plan of development for the consolidated city and approve or disapprove the resolution and plan proposed.

(b) In determining the location and extent of a ~~blighted, deteriorated, or deteriorating~~ **redevelopment project** area proposed to be acquired for redevelopment, the commission shall give consideration to transitional and permanent provisions for adequate housing for the residents of the area who will be displaced by the redevelopment project.

SECTION 31. IC 36-7-15.1-10.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.5. (a) The commission must conduct a public hearing before amending a resolution or plan for a redevelopment **project** area, an urban renewal project area, or an economic development area. The commission shall give notice of the hearing in accordance with IC 5-3-1. The notice must:

(1) set forth the substance of the proposed amendment;

(2) state the time and place where written remonstrances against the proposed amendment may be filed;

C o p y

(3) set forth the time and place of the hearing; and

(4) state that the commission will hear any person who has filed a written remonstrance during the filing period set forth under subdivision (2).

(b) For the purposes of this section, the consolidation of areas is not considered the enlargement of the boundaries of an area.

(c) When the commission proposes to amend a resolution or plan, the commission is not required to have evidence or make findings that were required for the establishment of the original redevelopment **project** area, urban renewal area, or economic development area. However, the commission must make the following findings before approving the amendment:

(1) The amendment is reasonable and appropriate when considered in relation to the original resolution or plan and the purposes of this chapter.

(2) The resolution or plan, with the proposed amendment, conforms to the comprehensive plan for the county.

(d) In addition to the requirements of subsection (a), if the resolution or plan is proposed to be amended in a way that changes:

(1) parts of the area that are to be devoted to a public way, levee, sewerage, park, playground, or other public purpose;

(2) the proposed use of the land in the area; or

(3) requirements for rehabilitation, building requirements, proposed zoning, maximum densities, or similar requirements;

the commission must, at least ten (10) days before the public hearing, send the notice required by subsection (a) by first class mail to affected neighborhood associations.

(e) In addition to the requirements of subsection (a), if the resolution or plan is proposed to be amended in a way that:

(1) enlarges the boundaries of the area by not more than twenty percent (20%) of the original area; or

(2) adds one (1) or more parcels to the list of parcels to be acquired;

the commission must, at least ten (10) days before the public hearing, send the notice required by subsection (a) by first class mail to affected neighborhood associations and to persons owning property that is in the proposed enlargement of the area or that is proposed to be added to the acquisition list. If the enlargement of an area is proposed, notice must also be filed in accordance with section 10(b) of this chapter, and agencies and officers may not take actions prohibited by section 10(b) in the proposed enlarged area.

(f) Notwithstanding subsections (a) and (c), if the resolution or plan

C o p y

is proposed to be amended in a way that enlarges the original boundaries of the area by more than twenty percent (20%), the commission must use the procedure provided for the original establishment of areas and must comply with sections 8 through 10 of this chapter.

(g) At the hearing on the amendments, the commission shall consider written remonstrances that are filed. The action of the commission on the amendment shall be recorded and is final and conclusive, except that:

(1) the city-county legislative body must also approve the enlargement of the boundaries of an economic development area; and

(2) an appeal of the commission's action may be taken under section 11 of this chapter.

(h) The commission may require that neighborhood associations register with the commission. The commission may adopt a rule that requires that a neighborhood association encompass a part of the geographic area included in or proposed to be included in a redevelopment **project** area, urban renewal area, or economic development area to qualify as an affected neighborhood association.

SECTION 32. IC 36-7-15.1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (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 interests. 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 7 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 o p y

(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 of _____ for the use and benefit of its Department of Metropolitan Development".

(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~~ **redevelopment project** 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~~ **redevelopment project** 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 15(a) through 15(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

C o p y

interests in real property owned by the redevelopment district appraised as specified in section 15(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 33. IC 36-7-15.1-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) If the commission considers it necessary to acquire real property in a ~~blighted, deteriorated, or deteriorating~~ **redevelopment project** area by the exercise of the power of eminent domain, it shall adopt a resolution setting out its determination to exercise that power and directing its attorney to file a petition in the name of the city on behalf of the department in the circuit or superior court of the county.

(b) Eminent domain proceedings under this section are governed by IC 32-24.

SECTION 34. IC 36-7-15.1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) In addition to other methods of raising money for property acquisition or redevelopment in a ~~blighted, deteriorated, or deteriorating~~ **redevelopment project** area, and in anticipation of the special tax to be levied under section 19 of this chapter, the taxes allocated under section 26 of this chapter, or other revenues of the redevelopment district, the commission may, by resolution, issue the bonds of the redevelopment district in the name of the consolidated city and in accordance with IC 36-3-5-8. 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;

C o p y

(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 the 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, the 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 of the bond resolution for the 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 consolidated 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 city executive and attested by the fiscal officer. The interest coupons, if any, shall be executed by the facsimile signature of the fiscal officer.

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

(g) The city fiscal officer shall sell the bonds according to law. Notwithstanding IC 36-3-5-8, bonds payable solely or in part from tax proceeds allocated under section 26(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 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 19 of this chapter;

(2) from the tax proceeds allocated under section 26(b)(2) of this chapter;

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

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

and from any revenues of the designated project. If the bonds are

C o p y

payable solely from the tax proceeds allocated under section 26(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) Notwithstanding IC 36-3-5-8, 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 26(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 the commission from a project or projects, the 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 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 any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the commission that are payable solely from revenues of the commission must contain a statement to that effect in the form of bond.

SECTION 35. IC 36-7-15.1-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. In addition to its authority under any other section of this chapter, the commission may plan and undertake urban renewal projects. For purposes of this chapter, an urban renewal project includes undertakings and activities for the elimination or the prevention of the development or spread of ~~blighted, deteriorated, or deteriorating areas,~~ **the conditions described in IC 36-7-1-3,** and may involve any work or undertaking that is performed for those purposes constituting a redevelopment project, or any rehabilitation or conservation work, or any combination of such an undertaking or work, such as:

(1) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements;

C o p y

(2) acquisition of real property and demolition, removal, or rehabilitation of buildings and improvements on the property when necessary to eliminate unhealthful, unsanitary, or unsafe conditions, lessen density, reduce traffic hazards, eliminate uses that are obsolete or otherwise detrimental to the public welfare, otherwise remove or prevent the spread of ~~blight or deterioration,~~ **the conditions described in IC 36-7-1-3,** or provide land for needed public facilities;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project; and

(4) the disposition, for uses in accordance with the objectives of the urban renewal project, of any property acquired in the area of the project.

SECTION 36. IC 36-7-15.1-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 22. (a) In connection with the planning and undertaking of an urban renewal plan or urban renewal project, the commission and all public and private officers, agencies, and bodies have all the rights, powers, privileges, duties, and immunities that they have with respect to a redevelopment plan or redevelopment project, as if all of the provisions of this chapter applicable to a redevelopment plan or redevelopment project were applicable to an urban renewal plan or urban renewal project.

(b) In addition to its other powers, the commission may also:

(1) make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements;

(2) make plans for the enforcement of laws and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements;

(3) make preliminary plans outlining urban renewal activities for neighborhoods to embrace two (2) or more urban renewal areas;

(4) make preliminary surveys to determine if the undertaking and carrying out of an urban renewal project are feasible;

(5) make plans for the relocation of persons (including families, business concerns, and others) displaced by an urban renewal project;

(6) make relocation payments in accordance with eligibility requirements of IC 8-23-17 or the Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 (42 U.S.C. 4621 et seq.) to or with respect to persons (including families, business concerns, and others) displaced by an urban renewal

Copy

project, for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of payments financed by the federal government; and

(7) develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of **the conditions described in IC 36-7-1-3 in** urban ~~blight.~~ **areas.**

SECTION 37. IC 36-7-15.1-22.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 22.5. (a) The commission may acquire a parcel of real property by the exercise of eminent domain when the following conditions exist:

(1) The real property is an unsafe premises (as defined in IC 36-7-9) and is subject to an order issued under IC 36-7-9 or a notice of violation issued by the county's health and hospital corporation under its powers under IC 16-22-8.

(2) The real property is not being used as a residence or for a business enterprise.

(3) The real property is capable of being developed or rehabilitated to provide affordable housing for low or moderate income families or to provide other development that will benefit or serve low or moderate income families.

(4) The ~~blighted condition of the~~ real property ~~has~~ **suffers from one (1) or more of the conditions listed in IC 36-7-1-3, resulting in** a negative impact on the use or value of the neighboring properties or other properties in the community.

(b) The commission or its designated hearing examiner shall conduct a public meeting to determine whether the conditions set forth in subsection (a) exist relative to a parcel of real property. Each person holding a fee or life estate interest of record in the property must be given notice by first class mail of the time and date of the hearing at least ten (10) days before the hearing, and is entitled to present evidence and make arguments at the hearing.

(c) If the commission considers it necessary to acquire real property under this section, it shall adopt a resolution setting out its determination to exercise that power and directing its attorney to file a petition in the name of the city on behalf of the department in the circuit or superior court in the county.

(d) Eminent domain proceedings under this section are governed by IC 32-24.

(e) The commission shall use real property acquired under this section for one (1) of the following purposes:

(1) Sale in an urban homestead program under IC 36-7-17.

C o p y

(2) Sale to a family whose income is at or below the county's median income for families.

(3) Sale or grant to a neighborhood development corporation or other nonprofit corporation, with a condition in the granting clause of the deed requiring the nonprofit organization to lease or sell the property to a family whose income is at or below the county's median income for families or to cause development that will serve or benefit families whose income is at or below the county's median income for families. However, a nonprofit organization is eligible for a sale or grant under this subdivision only if the county fiscal body has determined that the nonprofit organization meets the criteria established under subsection (f).

(4) Any other purpose appropriate under this chapter so long as it will serve or benefit families whose income is at or below the county's median income for families.

(f) The county fiscal body shall establish criteria for determining the eligibility of neighborhood development corporations and other nonprofit corporations for sales and grants of real property under subsection (e)(3). A neighborhood development corporation or other nonprofit corporation may apply to the county fiscal body for a determination concerning the corporation's compliance with the criteria established under this subsection.

(g) A neighborhood development corporation or nonprofit corporation that receives property under this section must agree to rehabilitate or otherwise develop the property in a manner that is similar to and consistent with the use of the other properties in the area served by the corporation.

SECTION 38. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) As used in this section:

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

"Base assessed value" means the following:

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

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

C o p y

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

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

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

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

(3) If:

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

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

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

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

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

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

Except as provided in section 26.2 of this chapter, "property taxes"

C o p y

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

(b) A resolution adopted under section 8 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, 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~~ **redevelopment project** area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

(B) the base assessed value;

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

(2) Except as otherwise provided in this section, property tax

C o p y

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 19 of this chapter.

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

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

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

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

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

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

(i) in the allocation area; and

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

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

C o p y

(3) years after the date on which the investments that are the basis for the increment financing are made.

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

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

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

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

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

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

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

(2) the base assessed value.

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

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

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

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

C o p y

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

(A) Businesses operating in the enterprise zone.

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

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

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter.

C o p y

After each general reassessment under IC 6-1.1-4, the department of local government finance 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 department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 39. IC 36-7-15.1-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 30. (a) All of the rights, powers, privileges, and immunities that may be exercised by the commission in a redevelopment **project** area or urban renewal area may be exercised by the 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 29 of this chapter in an economic development area is not required to ~~be blighted, deteriorated, or deteriorating.~~ **meet the conditions described in IC 36-7-1-3.**

(3) The special tax levied in accordance with section 16 of this chapter may be used to carry out activities under this chapter in economic development areas.

(4) Bonds may be issued in accordance with section 17 of this chapter to defray expenses of carrying out activities under this chapter in economic development areas.

(5) The tax exemptions set forth in section 25 of this chapter are applicable in economic development areas.

(6) An economic development area may be an allocation area for the purposes of distribution and allocation of property taxes.

(7) The commission may not use its power of eminent domain under section 13 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 6 of this chapter shall be determined by the purposes and nature of an economic development area.

C o p y

SECTION 40. IC 36-7-15.1-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 31. The general assembly finds the following:

(1) There exists within ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment** a shortage of safe and affordable housing for persons of low and moderate income.

(2) The planning, replanning, development, and redevelopment of housing within ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment** are public and governmental functions that cannot be accomplished through the ordinary operations of private enterprise because of:

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

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

(C) the costs of these projects.

(3) The provision of affordable housing for persons of low or moderate income does not compete with the ordinary operation of private enterprise.

(4) It is in the public interest that work on the provision of housing be commenced as soon as possible to relieve the need for this housing, which constitutes an emergency.

(5) The absence of affordable housing in ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment** necessitates excessive and disproportionate expenditures of public funds for crime prevention, public health and safety, fire and accident prevention, and other public services and facilities.

(6) The planning, replanning, development, and redevelopment of housing within ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment** will do the following:

(A) Benefit the health, safety, morals, and welfare of the county and the state.

(B) Serve to protect and increase property values in the county and the state.

(C) Benefit persons of low and moderate income by making affordable housing available to them.

(D) Reduce public expenditures required for governmental functions such as police and fire protection and other services.

(7) The planning, replanning, development, and redevelopment of housing within ~~blighted, deteriorated, or deteriorating~~ areas **needing redevelopment** under this section and sections 32 through 35 of this chapter are:

C o p y

(A) necessary in the public interest; and

(B) public uses and purposes for which public money may be spent and private property may be acquired.

(8) This section and sections 32 through 35 of this chapter shall be liberally construed to carry out the purposes of this section and this chapter.

SECTION 41. IC 36-7-15.1-33 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 33. All of the rights, powers, privileges, and immunities that may be exercised by the commission in ~~blighted, deteriorated, or deteriorating~~ **redevelopment project** areas may be exercised by the commission in implementing its program for housing including the following:

(1) The special tax levied in accordance with section 16 of this chapter may be used to accomplish the housing program.

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

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

(4) The tax exemptions set forth in section 25 of this chapter are applicable.

(5) Property taxes may be allocated under section 26 of this chapter.

SECTION 42. IC 36-7-15.1-36 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 36. A ~~blighted~~ **redevelopment project** area, an urban renewal area, or an economic development area established under this chapter may not include land that constitutes part of a military base reuse area established under IC 36-7-30.

SECTION 43. IC 36-7-15.1-40 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 40. (a) A commission shall establish a ~~blighted~~ **redevelopment project** area by following the procedures set forth in sections 8 through 10 of this chapter. The establishment of a ~~blighted~~ **redevelopment project** 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 **project** area or economic development area by following the procedures of section 10.5 of this chapter. An

C o p y

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 44. IC 36-7-15.1-42 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: 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

C o p y

District".

(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~~ **redevelopment project** 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~~ **redevelopment project** 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 45. IC 36-7-15.1-45 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 45. (a) In addition to other methods of raising money for property acquisition or

C o p y

redevelopment in a ~~blighted, deteriorated, or deteriorating~~ **redevelopment project** area, 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 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.

C o p y

(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 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

C o p y

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 46. IC 36-7-15.1-53 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a ~~blighted~~ **redevelopment project** 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:

(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 department of local government finance, 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 be approved by resolution of the legislative body of the excluded city and 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~~ **redevelopment project** area. The allocation provision must require that any property taxes subsequently levied by or for the

C o p y

benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

(B) the base assessed value;

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

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

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

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

(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

C o p y

into under IC 36-1-10.

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

(i) in the allocation area; and

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

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 as set

C o p y

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

C o p y

(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 department of local government finance 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 department of local government finance 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 department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 47. IC 36-7-15.1-58 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 58. (a) All of the rights, powers, privileges, and immunities that may be exercised by a commission in a redevelopment **project** 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.~~ **meet the conditions described in IC 36-7-1-3.**

(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

C o p y

the purposes of distribution and allocation of property taxes. However, a declaratory resolution or an amendment that establishes an allocation area must be approved by resolution of the legislative body of the excluded city.

(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 48. IC 36-7-15.2-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. (a) After compilation of the data required by section 9 of this chapter, the commission shall consider adopting a resolution declaring the area described under section 9 of this chapter a district under this chapter. The commission may adopt the resolution only after making the following findings:

(1) That the district is entirely within a redevelopment district and has been previously designated as a ~~blighted, deteriorated, or deteriorating~~ **redevelopment project** area under IC 36-7-15.1 or that the district is being so designated concurrently with the adoption of the resolution.

(2) That the completion of the redevelopment and economic development of the district will do all of the following:

(A) Attract new business enterprises to the district or retain or expand existing business enterprises in the district.

(B) Benefit the public health and welfare and be of public utility and benefit.

(C) Protect and increase state and local tax bases or revenues.

(D) Result in a substantial increase in temporary and permanent employment opportunities and private sector investment within the district.

(b) The commission may not adopt the resolution described in subsection (a) after January 1, 1989.

SECTION 49. IC 36-7-16-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) As used in this section, "concentrated code delinquency area" means an area of at least one-half (1/2) square block in which:

(1) at least two-thirds (2/3) of the lots are occupied by improvements;

(2) at least two-thirds (2/3) of the improvements are homes; and

(3) an investigation by the agency shows that at least one-half

C o p y

(1/2) of the homes are not in compliance with applicable building code standards.

The agency may conduct an investigation on its own initiative, and shall conduct an investigation on receipt of a petition signed by the occupants of at least one-half (1/2) of the family dwelling units within the proposed area. In conducting the investigation, the agency may use its own staff or hire independent appraisers and inspectors.

(b) Rehabilitation loans may be made to enable the borrower to make repairs that will bring his home into compliance with applicable building code standards, if all of the following conditions are present:

(1) The borrower holds marketable title to the property, subject only to mortgage indebtedness or contract for the purchase of the property, the lien of taxes that are not yet due and payable, and any assessment for public improvements that is not yet due and payable.

(2) The property is located within the area of a community development target area designated by an application to the Department of Housing and Urban Development under the 1974 Community Development Act, as amended (42 U.S.C. sections 5301-5318), an urban renewal project, a concentrated code delinquency neighborhood, or ~~a blighted~~ **an** area **needing redevelopment.**

(3) The agency has determined that the borrower is an acceptable credit risk. In making this determination, the agency shall be guided by the fact that a principal purpose of this chapter is to make rehabilitation available to those who would be unable to obtain such loans through normal commercial channels.

(4) The borrower has in full force and effect a policy of insurance protecting the property in an amount and with an insurer satisfactory to the agency.

(c) Subject to subsection (d), the agency shall use the procedures prescribed by IC 36-7-14-15 through IC 36-7-14-18 to make a finding that an area is ~~a blighted~~ **an** area **needing redevelopment.**

(d) The agency in a consolidated city shall use the procedures prescribed by law to make a finding that an area is ~~a blighted~~ **an** area **needing redevelopment.**

SECTION 50. IC 36-7-25-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) Projects, improvements, or purposes that may be financed by a commission in ~~blighted~~ **redevelopment project areas** or economic development areas may be financed if the projects, improvements, or purposes are not located in those areas or the redevelopment district as long as the

C o p y

projects, improvements, or purposes directly serve or benefit those areas.

(b) This subsection applies only to counties having a consolidated city. A metropolitan development commission acting as the redevelopment commission of the consolidated city may finance projects, improvements, or purposes that are located in the county and in a reuse area established under IC 36-7-30, even though the reuse area is not located in the redevelopment district. However, at the time this financing is initiated, the redevelopment commission must make a finding that the project, improvement, or purpose will serve or benefit the redevelopment district.

SECTION 51. IC 36-7-26-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. (a) Whenever a commission determines that the redevelopment and economic development of an area situated within the commission's jurisdiction may require the establishment of a district, the commission shall cause to be assembled data sufficient to make the determinations required under section 15 of this chapter, including the following:

(1) Maps and plats showing the boundaries of the proposed district.

(2) A complete list of street names and the range of street numbers of each street situated in the proposed district.

(3) A plan for the redevelopment and economic development of the proposed district. The plan must describe the local public improvements necessary or appropriate for the redevelopment or economic development.

(b) For a city described in section 1(2) or 1(3) of this chapter, the proposed district must contain a commercial retail facility with at least five hundred thousand (500,000) square feet, and any distributions from the fund must be used in the area described in subsection (a) or in areas that directly benefit the area described in subsection (a).

(c) For a city described in section 1(4) of this chapter, the proposed district may not contain any territory outside the boundaries of a redevelopment **project** area established within the central business district of the city before 1985.

SECTION 52. IC 36-7-30-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. (a) The reuse authority shall adopt a plan for the rehabilitation, development, redevelopment, and reuse of military base property to be acquired from the federal government upon the closure of a military base within the boundaries of the unit.

(b) In conjunction with the military base reuse plan, the reuse

C o p y

authority may adopt a resolution declaring that a geographic area is a military base reuse area and approving the plan if it makes the following findings:

(1) All or part of a military base is located in the military base reuse area.

(2) The plan for the military base reuse area will accomplish the public purposes of this chapter, supported by specific findings of fact to be adopted by the reuse authority.

(3) The public health and welfare will be benefited by accomplishment of the plan for the military base reuse area.

(4) The plan for the military base reuse area conforms to other development and redevelopment plans for the unit.

(c) A military base reuse area may include territory within the corporate boundaries of the unit and in the vicinity of the military base that is not on military base property. However, a military base reuse area may not include any area of land that constitutes part of an economic development area, a ~~blighted~~ **redevelopment project** area, or an urban renewal area under IC 36-7-14 or IC 36-7-15.1.

(d) The resolution must state the general boundaries of the area, and that the reuse authority proposes to acquire all of the interests in the land within the boundaries, with certain designated exceptions, if there are any.

(e) For the purpose of adopting a resolution under subsection (b), it is sufficient to describe the boundaries of the area by its location in relation to public ways or streams, or otherwise, as determined by the reuse authority. Property excepted from the acquisition may be described by street numbers or location.

SECTION 53. IC 36-7-30-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) If the reuse authority considers it necessary to acquire real property in or serving a reuse area by the exercise of the power of eminent domain, it shall adopt a resolution setting out its determination to exercise that power and directing its attorney to file a petition in the name of the unit on behalf of the reuse authority, in the circuit or superior court of the county in which the property is situated. The resolution must contain a finding by the reuse authority that the property to be acquired is in ~~a blighted~~ **an** area **needing redevelopment** (as defined in IC 36-7-1-3). The resolution must be approved by the legislative body of the unit before the petition is filed.

(b) Eminent domain proceedings under this section are governed by IC 32-24 and other applicable statutory provisions for the exercise of the power of eminent domain. Property already devoted to a public use

C o p y

may be acquired under this section, but property belonging to the state or a political subdivision may not be acquired without the consent of the state or the political subdivision.

(c) The court having jurisdiction shall direct the clerk of the circuit court to execute a deed conveying the title of real property acquired under this section to the unit for the use and benefit of the reuse authority.

SECTION 54. [EFFECTIVE JULY 1, 2005] **(a) After June 30, 2005, a reference in any statute, rule, ordinance, resolution, contract, or other document or record to a blighted, deteriorated, or deteriorating area established under IC 36-7-14 or IC 36-7-15.1, shall be treated as a reference to an area needing redevelopment as defined in IC 36-7-1-3, as amended by this act.**

(b) After June 30, 2005, a reference in any statute, rule, ordinance, resolution, contract, or other document or record to a redevelopment area established under IC 36-7-14 or IC 36-7-15.1, shall be treated as a reference to a redevelopment project area established under IC 36-7-14 or IC 36-7-15.1, both as amended by this act.

C o p y

COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1590, 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.

HINKLE, Chair

Committee Vote: yeas 11, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Governmental Affairs and Interstate Cooperation, to which was referred House Bill No. 1590, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 39, delete "an area" and insert "**a redevelopment project** area,".

Page 2, line 40, delete "needing redevelopment,".

Page 2, line 41, delete "project".

and when so amended that said bill do pass.

(Reference is to HB 1590 as printed January 28, 2005.)

RIEGSECKER, Chairperson

Committee Vote: Yeas 6, Nays 0.

C o p y