
HOUSE BILL No. 1774

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-11-15.6; IC 6-3.5-7; IC 8-14-16-5; IC 36-7.6.

Synopsis: Regional development authorities. Authorizes the establishment of not more than two regional development authorities (development authorities) in each economic growth region designated by the department of workforce development. Authorizes counties and second class cities to establish the development authorities. Specifies that if a county becomes a member of a development authority, each municipality in the county is also a member of the development authority. Provides that a county may be a member of a development authority only if the county is contiguous to at least one other county that is a member of the development authority. Provides that a second class city may be a member of a development authority only if the county in which the second class city is located is contiguous to at least one other county that is a member of the development authority. Specifies that a development authority is a separate body corporate and politic. Provides that a development authority is governed by a board consisting of one individual appointed by the executive of each county and each second class city that is a member of the development authority. Provides that if a development authority receives or will receive an appropriation, grant, or distribution of money from the state, the development board may adopt a resolution to add one or more members appointed by the governor to the development board. Requires each county and each municipality that is a member of a development authority to pay annually to the development authority the amount that would be distributed to the county and the municipality as certified distributions of county economic development income tax revenue raised from a tax rate of 0.05% in the county. Provides that if

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Effective: Upon passage.

Van Haaften, Borrer, Crouch

January 26, 2007, read first time and referred to Committee on Local Government.



a county is a member of a development authority, the county may impose an additional county economic development income tax at a rate of 0.05%. Requires revenue from the additional tax to be used to satisfy the obligations of the county and municipalities to make payments to the development authority. Provides that, except in a county in which the additional county economic development income tax has been imposed, a county's or municipality's required payments to the development authority may be made from any local revenue (other than property tax revenue) of the county or municipality, including excise tax revenue, income tax revenue, local option tax revenue, riverboat tax revenue, distributions, or incentive payments, or money deposited in the county's or municipality's local major moves construction fund. Authorizes the Indiana finance authority to issue bonds and use the proceeds of the bonds to acquire any obligations issued by the development authority. Provides that a county or second class city shall be a member of the development authority for five years after the date the county or second class city becomes a member of the development authority. Specifies that at least 12 months and not more than 18 months before the end of a five year period, the fiscal body of a county or second class city that is a member of a development authority must adopt a resolution that either commits the county or second class city to an additional five years as a member of the development authority or withdraws the county or second class city from membership in the development authority. Authorizes a development authority to: (1) make loans, loan guarantees, and grants to or on behalf of a county, a municipality, a commuter transportation district, an airport authority, an airport development authority, and a regional transportation authority; (2) issue bonds to the Indiana finance authority; (3) lease land or projects to a commuter transportation district, an airport authority, an airport development authority, or a regional transportation authority; (4) use the development authority's funds to match federal grants; and (5) take other actions to carry out its purposes. Requires projects funded by a development authority to be of regional importance. Requires a development authority to comply with the common construction wage law, the public purchasing laws, the public works laws, and any applicable federal bidding statutes and regulations. Requires a political subdivision that receives a loan, grant, or other financial assistance from the development authority to comply with applicable federal, state, and local public purchasing and bidding laws and regulations. Requires a development authority to submit to the budget committee and to the director of the office of management and budget for approval a comprehensive strategic development plan that includes detailed information concerning: (1) the proposed air, rail, transportation, and other economic development projects to be undertaken or financed by the development authority; and (2) the timelines, budgets, returns on investment, projected need for ongoing subsidies, and projected federal matching funds for each project. Requires a development authority to issue an annual report to the legislative council, the budget committee, and the governor concerning the operations and activities of the development authority during the preceding state fiscal year. Authorizes a development authority to enter into an agreement to jointly equip, own, lease, and finance projects and facilities or otherwise carry out the purposes of the development authority. Requires a development authority to: (1) assist in the coordination of local efforts concerning airport development projects and transportation projects; (2) assist a commuter transportation district and an airport authority in coordinating regional transportation and economic development efforts; and (3) fund various projects and facilities, including intermodal transportation projects and facilities and regional trails and greenways.

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Introduced

First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

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HOUSE BILL No. 1774



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

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

1 SECTION 1. IC 4-4-11-15.6, AS ADDED BY P.L.214-2005,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 15.6. In addition to the powers listed in
4 section 15 of this chapter, the authority may:

5 (1) issue bonds under terms and conditions determined by the
6 authority and use the proceeds of the bonds to acquire obligations
7 issued by any entity authorized to acquire, finance, construct, or
8 lease capital improvements under IC 5-1-17; ~~and~~

9 (2) issue bonds under terms and conditions determined by the
10 authority and use the proceeds of the bonds to acquire any
11 obligations issued by the northwest Indiana regional development
12 authority established by IC 36-7.5-2-1; ~~and~~

13 (3) **issue bonds under terms and conditions determined by the**
14 **authority and use the proceeds of the bonds to acquire any**
15 **obligations issued by a regional development authority**



1 **established under IC 36-7.6-2-3.**

2 SECTION 2. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006,
3 SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8,
4 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
6 subsection (c), the county economic development income tax may be
7 imposed on the adjusted gross income of county taxpayers. The entity
8 that may impose the tax is:

- 9 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
10 the county option income tax is in effect on January 1 of the year
11 the county economic development income tax is imposed;
12 (2) the county council if the county adjusted gross income tax is
13 in effect on January 1 of the year the county economic
14 development tax is imposed; or
15 (3) the county income tax council or the county council,
16 whichever acts first, for a county not covered by subdivision (1)
17 or (2).

18 To impose the county economic development income tax, a county
19 income tax council shall use the procedures set forth in IC 6-3.5-6
20 concerning the imposition of the county option income tax.

21 (b) Except as provided in subsections (c), (g), (k), (p), and (r) **and**
22 **section 28 of this chapter**, the county economic development income
23 tax may be imposed at a rate of:

- 24 (1) one-tenth percent (0.1%);
25 (2) two-tenths percent (0.2%);
26 (3) twenty-five hundredths percent (0.25%);
27 (4) three-tenths percent (0.3%);
28 (5) thirty-five hundredths percent (0.35%);
29 (6) four-tenths percent (0.4%);
30 (7) forty-five hundredths percent (0.45%); or
31 (8) five-tenths percent (0.5%);

32 on the adjusted gross income of county taxpayers.

33 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),
34 (p), ~~or~~ (s), ~~or~~ (v), **or (w)**, the county economic development income tax
35 rate plus the county adjusted gross income tax rate, if any, that are in
36 effect on January 1 of a year may not exceed one and twenty-five
37 hundredths percent (1.25%). Except as provided in subsection (g), (p),
38 (r), (t), ~~or~~ (u), **or (w)**, the county economic development tax rate plus
39 the county option income tax rate, if any, that are in effect on January
40 1 of a year may not exceed one percent (1%).

41 (d) To impose, increase, decrease, or rescind the county economic
42 development income tax, the appropriate body must, after January 1 but

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1 before April 1 of a year, adopt an ordinance. The ordinance to impose
2 the tax must substantially state the following:

3 "The _____ County _____ imposes the county economic
4 development income tax on the county taxpayers of _____
5 County. The county economic development income tax is imposed at
6 a rate of _____ percent (____%) on the county taxpayers of the
7 county. This tax takes effect July 1 of this year."

8 (e) Any ordinance adopted under this chapter takes effect July 1 of
9 the year the ordinance is adopted.

10 (f) The auditor of a county shall record all votes taken on ordinances
11 presented for a vote under the authority of this chapter and shall, not
12 more than ten (10) days after the vote, send a certified copy of the
13 results to the commissioner of the department by certified mail.

14 (g) This subsection applies to a county having a population of more
15 than one hundred forty-eight thousand (148,000) but less than one
16 hundred seventy thousand (170,000). Except as provided in subsection
17 (p), in addition to the rates permitted by subsection (b), the:

18 (1) county economic development income tax may be imposed at
19 a rate of:

- 20 (A) fifteen-hundredths percent (0.15%);
- 21 (B) two-tenths percent (0.2%); or
- 22 (C) twenty-five hundredths percent (0.25%); and

23 (2) county economic development income tax rate plus the county
24 option income tax rate that are in effect on January 1 of a year
25 may equal up to one and twenty-five hundredths percent (1.25%);
26 if the county income tax council makes a determination to impose rates
27 under this subsection and section 22 of this chapter.

28 (h) For a county having a population of more than forty-one
29 thousand (41,000) but less than forty-three thousand (43,000), except
30 as provided in subsection (p), the county economic development
31 income tax rate plus the county adjusted gross income tax rate that are
32 in effect on January 1 of a year may not exceed one and thirty-five
33 hundredths percent (1.35%) if the county has imposed the county
34 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
35 under IC 6-3.5-1.1-2.5.

36 (i) For a county having a population of more than thirteen thousand
37 five hundred (13,500) but less than fourteen thousand (14,000), except
38 as provided in subsection (p), the county economic development
39 income tax rate plus the county adjusted gross income tax rate that are
40 in effect on January 1 of a year may not exceed one and fifty-five
41 hundredths percent (1.55%).

42 (j) For a county having a population of more than seventy-one

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1 thousand (71,000) but less than seventy-one thousand four hundred
2 (71,400), except as provided in subsection (p), the county economic
3 development income tax rate plus the county adjusted gross income tax
4 rate that are in effect on January 1 of a year may not exceed one and
5 five-tenths percent (1.5%).

6 (k) This subsection applies to a county having a population of more
7 than twenty-seven thousand four hundred (27,400) but less than
8 twenty-seven thousand five hundred (27,500). Except as provided in
9 subsection (p), in addition to the rates permitted under subsection (b):

10 (1) the county economic development income tax may be imposed
11 at a rate of twenty-five hundredths percent (0.25%); and

12 (2) the sum of the county economic development income tax rate
13 and the county adjusted gross income tax rate that are in effect on
14 January 1 of a year may not exceed one and five-tenths percent
15 (1.5%);

16 if the county council makes a determination to impose rates under this
17 subsection and section 22.5 of this chapter.

18 (l) For a county having a population of more than twenty-nine
19 thousand (29,000) but less than thirty thousand (30,000), except as
20 provided in subsection (p), the county economic development income
21 tax rate plus the county adjusted gross income tax rate that are in effect
22 on January 1 of a year may not exceed one and five-tenths percent
23 (1.5%).

24 (m) For:

25 (1) a county having a population of more than one hundred
26 eighty-two thousand seven hundred ninety (182,790) but less than
27 two hundred thousand (200,000); or

28 (2) a county having a population of more than forty-five thousand
29 (45,000) but less than forty-five thousand nine hundred (45,900);
30 except as provided in subsection (p), the county economic development
31 income tax rate plus the county adjusted gross income tax rate that are
32 in effect on January 1 of a year may not exceed one and five-tenths
33 percent (1.5%).

34 (n) For a county having a population of more than six thousand
35 (6,000) but less than eight thousand (8,000), except as provided in
36 subsection (p), the county economic development income tax rate plus
37 the county adjusted gross income tax rate that are in effect on January
38 1 of a year may not exceed one and five-tenths percent (1.5%).

39 (o) This subsection applies to a county having a population of more
40 than thirty-nine thousand (39,000) but less than thirty-nine thousand
41 six hundred (39,600). Except as provided in subsection (p), in addition
42 to the rates permitted under subsection (b):

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- 1 (1) the county economic development income tax may be imposed
- 2 at a rate of twenty-five hundredths percent (0.25%); and
- 3 (2) the sum of the county economic development income tax rate
- 4 and:
- 5 (A) the county adjusted gross income tax rate that are in effect
- 6 on January 1 of a year may not exceed one and five-tenths
- 7 percent (1.5%); or
- 8 (B) the county option income tax rate that are in effect on
- 9 January 1 of a year may not exceed one and twenty-five
- 10 hundredths percent (1.25%);

11 if the county council makes a determination to impose rates under this
 12 subsection and section 24 of this chapter.

- 13 (p) In addition:
- 14 (1) the county economic development income tax may be imposed
- 15 at a rate that exceeds by not more than twenty-five hundredths
- 16 percent (0.25%) the maximum rate that would otherwise apply
- 17 under this section; and
- 18 (2) the:
- 19 (A) county economic development income tax; and
- 20 (B) county option income tax or county adjusted gross income
- 21 tax;
- 22 may be imposed at combined rates that exceed by not more than
- 23 twenty-five hundredths percent (0.25%) the maximum combined
- 24 rates that would otherwise apply under this section.

25 However, the additional rate imposed under this subsection may not
 26 exceed the amount necessary to mitigate the increased ad valorem
 27 property taxes on homesteads (as defined in IC 6-1.1-20.9-1) or
 28 residential property (as defined in section 26 of this chapter), as
 29 appropriate under the ordinance adopted by the adopting body in the
 30 county, resulting from the deduction of the assessed value of inventory
 31 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

32 (q) If the county economic development income tax is imposed as
 33 authorized under subsection (p) at a rate that exceeds the maximum
 34 rate that would otherwise apply under this section, the certified
 35 distribution must be used for the purpose provided in section 25(e) or
 36 26 of this chapter to the extent that the certified distribution results
 37 from the difference between:

- 38 (1) the actual county economic development tax rate; and
- 39 (2) the maximum rate that would otherwise apply under this
- 40 section.

41 (r) This subsection applies only to a county described in section 27
 42 of this chapter. Except as provided in subsection (p), in addition to the

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1 rates permitted by subsection (b), the:
 2 (1) county economic development income tax may be imposed at
 3 a rate of twenty-five hundredths percent (0.25%); and
 4 (2) county economic development income tax rate plus the county
 5 option income tax rate that are in effect on January 1 of a year
 6 may equal up to one and twenty-five hundredths percent (1.25%);
 7 if the county council makes a determination to impose rates under this
 8 subsection and section 27 of this chapter.
 9 (s) Except as provided in subsection (p), the county economic
 10 development income tax rate plus the county adjusted gross income tax
 11 rate that are in effect on January 1 of a year may not exceed one and
 12 five-tenths percent (1.5%) if the county has imposed the county
 13 adjusted gross income tax under IC 6-3.5-1.1-3.3.
 14 (t) This subsection applies to Howard County. Except as provided
 15 in subsection (p), the sum of the county economic development income
 16 tax rate and the county option income tax rate that are in effect on
 17 January 1 of a year may not exceed one and twenty-five hundredths
 18 percent (1.25%).
 19 (u) This subsection applies to Scott County. Except as provided in
 20 subsection (p), the sum of the county economic development income
 21 tax rate and the county option income tax rate that are in effect on
 22 January 1 of a year may not exceed one and twenty-five hundredths
 23 percent (1.25%).
 24 (v) *This subsection applies to Jasper County. Except as provided in*
 25 *subsection (p), the sum of the county economic development income tax*
 26 *rate and the county adjusted gross income tax rate that are in effect on*
 27 *January 1 of a year may not exceed one and five-tenths percent (1.5%).*
 28 **(w) An additional county economic development income tax rate**
 29 **imposed under section 28 of this chapter may not be considered in**
 30 **calculating any limit under this section on the sum of:**
 31 **(1) the county economic development income tax rate plus the**
 32 **county adjusted gross income tax rate; or**
 33 **(2) the county economic development tax rate plus the county**
 34 **option income tax rate.**
 35 SECTION 3. IC 6-3.5-7-12 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as
 37 provided in sections 23, 25, 26, ~~and 27~~, **and 28** of this chapter, the
 38 county auditor shall distribute in the manner specified in this section
 39 the certified distribution to the county.
 40 (b) Except as provided in subsections (c) and (h) and sections 15
 41 and 25 of this chapter, the amount of the certified distribution that the
 42 county and each city or town in a county is entitled to receive during

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- 1 May and November of each year equals the product of the following:
 2 (1) The amount of the certified distribution for that month;
 3 multiplied by
 4 (2) A fraction. The numerator of the fraction equals the sum of the
 5 following:
 6 (A) Total property taxes that are first due and payable to the
 7 county, city, or town during the calendar year in which the
 8 month falls; plus
 9 (B) For a county, an amount equal to the property taxes
 10 imposed by the county in 1999 for the county's welfare fund
 11 and welfare administration fund.
 12 The denominator of the fraction equals the sum of the total
 13 property taxes that are first due and payable to the county and all
 14 cities and towns of the county during the calendar year in which
 15 the month falls, plus an amount equal to the property taxes
 16 imposed by the county in 1999 for the county's welfare fund and
 17 welfare administration fund.
 18 (c) This subsection applies to a county council or county income tax
 19 council that imposes a tax under this chapter after June 1, 1992. The
 20 body imposing the tax may adopt an ordinance before July 1 of a year
 21 to provide for the distribution of certified distributions under this
 22 subsection instead of a distribution under subsection (b). The following
 23 apply if an ordinance is adopted under this subsection:
 24 (1) The ordinance is effective January 1 of the following year.
 25 (2) Except as provided in sections 25 and 26 of this chapter, the
 26 amount of the certified distribution that the county and each city
 27 and town in the county is entitled to receive during May and
 28 November of each year equals the product of:
 29 (A) the amount of the certified distribution for the month;
 30 multiplied by
 31 (B) a fraction. For a city or town, the numerator of the fraction
 32 equals the population of the city or the town. For a county, the
 33 numerator of the fraction equals the population of the part of
 34 the county that is not located in a city or town. The
 35 denominator of the fraction equals the sum of the population
 36 of all cities and towns located in the county and the population
 37 of the part of the county that is not located in a city or town.
 38 (3) The ordinance may be made irrevocable for the duration of
 39 specified lease rental or debt service payments.
 40 (d) The body imposing the tax may not adopt an ordinance under
 41 subsection (c) if, before the adoption of the proposed ordinance, any of
 42 the following have pledged the county economic development income

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1 tax for any purpose permitted by IC 5-1-14 or any other statute:
 2 (1) The county.
 3 (2) A city or town in the county.
 4 (3) A commission, a board, a department, or an authority that is
 5 authorized by statute to pledge the county economic development
 6 income tax.
 7 (e) The department of local government finance shall provide each
 8 county auditor with the fractional amount of the certified distribution
 9 that the county and each city or town in the county is entitled to receive
 10 under this section.
 11 (f) Money received by a county, city, or town under this section
 12 shall be deposited in the unit's economic development income tax fund.
 13 (g) Except as provided in subsection (b)(2)(B), in determining the
 14 fractional amount of the certified distribution the county and its cities
 15 and towns are entitled to receive under subsection (b) during a calendar
 16 year, the department of local government finance shall consider only
 17 property taxes imposed on tangible property subject to assessment in
 18 that county.
 19 (h) In a county having a consolidated city, only the consolidated city
 20 is entitled to the certified distribution, subject to the requirements of
 21 sections 15, 25, and 26 of this chapter.
 22 SECTION 4. IC 6-3.5-7-28 IS ADDED TO THE INDIANA CODE
 23 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 24 UPON PASSAGE]: **Sec. 28. (a) This section applies only to a county
 25 that is a member of a regional development authority under
 26 IC 36-7.6.**
 27 **(b) In addition to the rates permitted by section 5 of this
 28 chapter, the entity that imposed the county economic development
 29 income tax under section 5 of this chapter (or, in the case of a
 30 county that has not imposed the county economic development
 31 income tax, the entity that may impose the county economic
 32 development income tax under section 5(a)(3) of this chapter) may
 33 by ordinance impose an additional county economic development
 34 income tax at a rate of five-hundredths of one percent (0.05%) on
 35 the adjusted gross income of county taxpayers.**
 36 **(c) If an additional county economic development income tax is
 37 imposed under this section, the county treasurer shall establish a
 38 county regional development authority fund. Notwithstanding any
 39 other provision of this chapter, the county economic development
 40 income tax revenues derived from the additional county economic
 41 development income tax imposed under this section must be
 42 deposited in the county regional development authority fund before**

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1 any certified distributions are made under section 12 of this
2 chapter.

3 (d) County economic development income tax revenues derived
4 from the additional county economic development income tax
5 imposed under this section and deposited in the county regional
6 development authority fund:

7 (1) shall, not more than thirty (30) days after being deposited
8 in the county regional development authority fund, be
9 transferred as provided in IC 36-7.6-4-2 to the development
10 fund of the regional development authority for which the
11 county is a member; and

12 (2) may not be considered by the department of local
13 government finance in determining the county's maximum
14 permissible property tax levy under IC 6-1.1-18.5.

15 (e) Notwithstanding sections 5 and 6 of this chapter, if a county
16 becomes a member of a regional development authority under
17 IC 36-7.6 and imposes an additional county economic development
18 income tax under this section, then, notwithstanding section 11 or
19 any other provision of this chapter, the initial certified distribution
20 of the tax revenue that results from the additional tax shall be
21 distributed to the county treasurer from the account established
22 for the county under this chapter according to the following
23 schedule during the eighteen (18) month period beginning on July
24 1 of the year in which the county adopts the ordinance to impose
25 the additional tax:

26 (1) One-fourth (1/4) on October 1 of the year in which the
27 ordinance to impose the additional tax is adopted.

28 (2) One-fourth (1/4) on January 1 of the calendar year
29 following the year in which the ordinance to impose the
30 additional tax is adopted.

31 (3) One-fourth (1/4) on May 1 of the calendar year following
32 the year in which the ordinance to impose the additional tax
33 is adopted.

34 (4) One-fourth (1/4) on November 1 of the calendar year
35 following the year in which the ordinance to impose the
36 additional tax is adopted.

37 SECTION 5. IC 8-14-16-5, AS ADDED BY P.L.47-2006,
38 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 UPON PASSAGE]: Sec. 5. Money in the fund may be expended only
40 for the following purposes:

- 41 (1) Construction of highways, roads, and bridges.
42 (2) In a county that is a member of the northwest Indiana regional

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- 1 development authority, or in a city or town located in such a
- 2 county, any purpose for which the regional development authority
- 3 may make expenditures under IC 36-7.5.
- 4 (3) Providing funding for economic development projects (as
- 5 defined in IC 6-3.5-7-13.1(c)(1) or IC 6-3.5-7-13.1(c)(2)(A)
- 6 through IC 6-3.5-7-13.1(c)(2)(K)).
- 7 (4) Matching federal grants for a purpose described in this
- 8 section.
- 9 (5) Providing funding for interlocal agreements under IC 36-1-7
- 10 for a purpose described in this section.
- 11 (6) Providing the county's, or city's, or town's contribution to the
- 12 northwest Indiana a regional development authority in the case of
- 13 a county described in section 1(3) of this chapter or a city
- 14 described in IC 36-7.5-2-3(e); established under IC 36-7.6-2-3.

15 SECTION 6. IC 36-7.6 IS ADDED TO THE INDIANA CODE AS
 16 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON
 17 PASSAGE]:

18 **ARTICLE 7.6. REGIONAL DEVELOPMENT AUTHORITIES**
 19 **Chapter 1. Definitions**

20 **Sec. 1. Except as otherwise provided, the definitions in this**
 21 **chapter apply throughout this article.**

22 **Sec. 2. "Airport authority" refers to an airport authority**
 23 **established under IC 8-22-3.**

24 **Sec. 3. "Airport authority project" means a project that can be**
 25 **financed with the proceeds of bonds issued by an airport authority**
 26 **under IC 8-22-3.**

27 **Sec. 4. "Bonds" means, except as otherwise provided, bonds,**
 28 **notes, or other evidences of indebtedness issued by a development**
 29 **authority.**

30 **Sec. 5. "Commuter transportation district" refers to a**
 31 **commuter transportation district established under IC 8-5-15.**

32 **Sec. 6. "Commuter transportation district project" means a**
 33 **project that can be financed with the proceeds of bonds issued by**
 34 **a commuter transportation district under IC 8-5-15.**

35 **Sec. 7. "Economic growth region" refers to an economic growth**
 36 **region designated by the department of workforce development.**

37 **Sec. 8. "Development authority" refers to a regional**
 38 **development authority established under IC 36-7.6-2-3.**

39 **Sec. 9. "Development board" refers to the governing body of a**
 40 **development authority appointed under IC 36-7.6-2-3.**

41 **Sec. 10. "Economic development project" means an economic**
 42 **development project described in IC 6-3.5-7-13.1(c).**

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1 more counties that are located in the same economic growth
 2 region.

3 (c) A development authority may be established by:

4 (1) two (2) or more counties that are located in the same
 5 economic growth region; and

6 (2) one (1) or more counties that:

7 (A) are not located in the same economic growth region as
 8 the counties described in subdivision (1); and

9 (B) are adjacent to the economic growth region containing
 10 the counties described in subdivision (1).

11 (d) A development authority may be established by:

12 (1) one (1) or more counties; and

13 (2) one (1) or more second class cities that:

14 (A) are not located in the county or counties described in
 15 subdivision (1); and

16 (B) are located in the same economic growth region as the
 17 county or counties described in subdivision (1).

18 (e) A county or second class city may participate in the
 19 establishment of a development authority under this section and
 20 become a member of the development authority only if the fiscal
 21 body of the county or second class city adopts an ordinance
 22 authorizing the county or second class city to participate in the
 23 establishment of the development authority.

24 (f) A county may be a member of a development authority only
 25 if the county is contiguous to at least one (1) other county that is a
 26 member of the development authority. A second class city may be
 27 a member of a development authority only if the county in which
 28 the second class city is located is contiguous to at least one (1) other
 29 county that is a member of the development authority.

30 (g) Notwithstanding any other provision, if a county becomes a
 31 member of a development authority, each municipality in the
 32 county also becomes a member of the development authority.

33 (h) Not more than two (2) development authorities may be
 34 established in a particular economic growth region. For purposes
 35 of this subsection, a development authority is considered to be
 36 established in a particular economic growth region if a county or
 37 municipality located in the economic growth region is a member of
 38 a development authority.

39 (i) A county or municipality may be a member of only one (1)
 40 development authority.

41 (j) A county or municipality that is a member of the northwest
 42 Indiana regional development authority under IC 36-7.5 may not

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1 be a member of a development authority under this article.
 2 **Sec. 4. (a) A county or second class city that:**
 3 (1) is not a member of a development authority; and
 4 (2) was eligible to participate in the establishment of a
 5 particular development authority;
 6 may join that development authority under this section.
 7 (b) A county or second class city described in subsection (a) may
 8 join a development authority under this section only if:
 9 (1) the fiscal body of the county or second class city adopts an
 10 ordinance authorizing the county or second class city to
 11 become a member of the development authority; and
 12 (2) after the fiscal body adopts an ordinance under
 13 subdivision (1), the development board of the development
 14 authority adopts a resolution authorizing the county or
 15 second class city to become a member of the development
 16 authority.
 17 (c) A county or second class city becomes a member of a
 18 development authority on January 1 of the year following the year
 19 in which the development board adopts a resolution under
 20 subsection (b)(2) authorizing the county or second class city to
 21 become a member of the development authority.
 22 (d) The executive of a county or second class city that becomes
 23 a member of a development authority under this section is entitled
 24 to appoint a member to the development board under section 7 of
 25 this chapter.
 26 (e) A county or second class city may not join a development
 27 authority under this section if joining the development authority
 28 would violate the requirement in section 3(i) of this chapter that
 29 not more than two (2) development authorities may be established
 30 in a particular economic growth region.
 31 (f) If a county joins a development authority under this section,
 32 each municipality in the county also becomes a member of the
 33 development authority.
 34 **Sec 5. (a) This section applies to the following:**
 35 (1) A county that participates in the establishment of a
 36 development authority under section 3 of this chapter or that
 37 joins a development authority under section 4 of this chapter.
 38 (2) A second class city that participates in the establishment
 39 of a development authority under section 3(d) of this chapter
 40 or that joins a development authority under section 4 of this
 41 chapter.
 42 (b) A county or second class city described in subsection (a)

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1 shall be a member of the development authority for five (5) years
2 after the date the county or second class city becomes a member of
3 the development authority.

4 (c) At least twelve (12) months and not more than eighteen (18)
5 months before the end of a five (5) year period under subsection
6 (b), the fiscal body of the county or second class city described in
7 subsection (a) must adopt a resolution that:

8 (1) commits the county or second class city to an additional
9 five (5) years as a member of the development authority,
10 beginning at the end of the current five (5) year period; or

11 (2) withdraws the county or second class city from
12 membership in the development authority not earlier than the
13 end of the current five (5) year period.

14 (d) The fiscal body of a county or second class city described in
15 subsection (a) must adopt a resolution under subsection (c) during
16 each five (5) year period in which the county or second class city is
17 a member of the development authority.

18 (e) A county or second class city described in subsection (a) may
19 withdraw from a development authority as provided in this section
20 without the approval of the development board.

21 (f) If at the end of a five (5) year period a county described in
22 subsection (a) does not withdraw from the development authority
23 under this section and remains a member of the development
24 authority, the municipalities in the county may not withdraw from
25 the development authority and remain members of the
26 development authority.

27 (g) If at the end of a five (5) year period a county described in
28 subsection (a) withdraws from the development authority under
29 this section, the municipalities in the county are also withdrawn
30 from the development authority on the effective date of the
31 county's withdrawal.

32 Sec. 6. A county or municipality that withdraws from a
33 development authority under section 5 of this chapter is liable to
34 the development authority for any unpaid transfers under
35 IC 36-7.6-4-2 that become due before the withdrawal of the county
36 or municipality from the development authority is effective.

37 Sec. 7. (a) A development authority is governed by a
38 development board appointed under this section.

39 (b) A development board is composed of the following members:

40 (1) One (1) member appointed by the executive of each county
41 that is a member of the development authority.

42 (2) One (1) member appointed by the executive of each second

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class city that is a member of the development authority.

(3) If the development authority receives or will receive an appropriation, a grant, or a distribution of money from the state, one (1) or more members appointed by the governor under section 8 of this chapter, if approved by the development board.

(c) A member appointed to the development board must have knowledge of and at least five (5) years professional work experience in at least one (1) of the following:

- (1) Rail transportation or air transportation.
- (2) Regional economic development.
- (3) Business or finance.

Sec. 8. (a) If a development authority receives or will receive an appropriation, a grant, or a distribution of money from the state, the development board may adopt a resolution to add to the development board one (1) or more members appointed by the governor.

(b) If a development board adopts a resolution under this section, the governor shall appoint to the development board the number of members specified in the resolution.

(c) A member appointed by the governor under this section must meet the knowledge and professional work experience requirements of section 7(c) of this chapter.

(d) If the governor appoints a member to a development board under this section, the governor retains the authority to appoint a member to the development board regardless of whether the state continues to appropriate, grant, or distribute money to the development authority.

Sec. 9. (a) A member appointed to a development board serves a four (4) year term. However, a member serves at the pleasure of the appointing authority. A member may be reappointed to subsequent terms.

(b) If a vacancy occurs on a development board, the appointing authority that made the initial appointment shall fill the vacancy by appointing a new member for the remainder of the vacated term.

(c) Each member appointed to a development board, before entering upon the duties of office, must take and subscribe an oath of office under IC 5-4-1, which shall be endorsed upon the certificate of appointment and filed with the records of the development board.

(d) A member appointed to a development board is not entitled

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1 to receive any compensation for performance of the member's
2 duties. However, a member is entitled to a per diem from the
3 development authority for the member's participation in
4 development board meetings. The amount of the per diem is equal
5 to the amount of the per diem provided under IC 4-10-11-2.1(b).

6 Sec. 10. (a) In January of each year, a development board shall
7 hold an organizational meeting at which the development board
8 shall elect the following officers from the members of the
9 development board:

- 10 (1) A chair.
- 11 (2) A vice chair.
- 12 (3) A secretary-treasurer.

13 (b) The affirmative vote of at least a majority of the appointed
14 members of a development board is necessary to elect an officer
15 under subsection (a).

16 (c) An officer elected under subsection (a) serves from the date
17 of the officer's election until the officer's successor is elected and
18 qualified.

19 Sec. 11. (a) A development board shall meet at least quarterly.

20 (b) The chair of a development board or any two (2) members
21 of a development board may call a special meeting of the
22 development board.

23 (c) A majority of the appointed members of a development
24 board constitutes a quorum.

25 (d) The affirmative votes of at least a majority of the appointed
26 members of a development board are necessary to authorize any
27 action of the development authority.

28 Sec. 12. A development board may adopt the bylaws and rules
29 that the development board considers necessary for the proper
30 conduct of the development board's duties and the safeguarding of
31 the development authority's funds and property.

32 Sec. 13. (a) A development authority shall comply with
33 IC 5-16-7 (common construction wage), IC 5-22 (public
34 purchasing), IC 36-1-12 (public work projects), and any applicable
35 federal bidding statutes and regulations. An eligible political
36 subdivision that receives a loan, a grant, or other financial
37 assistance from a development authority or enters into a lease with
38 a development authority must comply with applicable federal,
39 state, and local public purchasing and bidding laws and
40 regulations. However, a purchasing agency (as defined in
41 IC 5-22-2-25) of an eligible political subdivision may:

- 42 (1) assign or sell a lease for property to a development

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1 authority; or
 2 (2) enter into a lease for property with a development
 3 authority;
 4 at any price and under any other terms and conditions as may be
 5 determined by the eligible political subdivision and the
 6 development authority. However, before making an assignment or
 7 a sale of a lease or entering into a lease under this section that
 8 would otherwise be subject to IC 5-22, the eligible political
 9 subdivision or its purchasing agent must obtain or cause to be
 10 obtained a purchase price for the property to be subject to the
 11 lease from the lowest responsible and responsive bidder in
 12 accordance with the requirements for the purchase of supplies
 13 under IC 5-22.

14 (b) In addition to the provisions of subsection (a), with respect
 15 to projects undertaken by a development authority, the
 16 development authority shall set a goal for participation by
 17 minority business enterprises and women's business enterprises.
 18 The goals must be consistent with:

- 19 (1) the participation goals established by the counties and
 20 municipalities that are members of the development
 21 authority; and
- 22 (2) the goals of delivering the project on time and within the
 23 budgeted amount and, insofar as possible, using Indiana
 24 businesses for employees, goods, and services.

25 Sec. 14. (a) The office of management and budget shall contract
 26 with a certified public accountant for an annual financial audit of
 27 each development authority. The certified public accountant may
 28 not have a significant financial interest, as determined by the office
 29 of management and budget, in a project, facility, or service funded
 30 by or leased by or to any development authority.

31 (b) The certified public accountant shall present an audit report
 32 not later than four (4) months after the end of each calendar year
 33 and shall make recommendations to improve the efficiency of
 34 development authority operations. The certified public accountant
 35 shall also perform a study and evaluation of internal accounting
 36 controls and shall express an opinion on the controls that were in
 37 effect during the audit period.

38 (c) A development authority shall pay the cost of the annual
 39 financial audit under subsection (a). In addition, the state board of
 40 accounts may at any time conduct an audit of any phase of the
 41 operations of a development authority. A development authority
 42 shall pay the cost of any audit by the state board of accounts.

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1 **Sec. 15. Each county or municipality that is member of a**
2 **development authority may appoint a local advisory committee to**
3 **advise the county or municipality on issues related to the**
4 **development authority.**

5 **Chapter 3. Development Authority Powers and Duties**

6 **Sec. 1. A development authority shall do the following:**

7 **(1) Assist in the coordination of local efforts concerning**
8 **projects that are of regional importance.**

9 **(2) Assist a county, a municipality, a commuter transportation**
10 **district, an airport authority, and a regional transportation**
11 **authority in coordinating regional transportation and**
12 **economic development efforts.**

13 **(3) Fund projects that are of regional importance, as provided**
14 **in this article.**

15 **Sec. 2. (a) A development authority may do any of the following:**

16 **(1) Finance, improve, construct, reconstruct, renovate,**
17 **purchase, lease, acquire, and equip land and projects that are**
18 **of regional importance.**

19 **(2) Lease land or a project to an eligible political subdivision.**

20 **(3) Finance and construct additional improvements to**
21 **projects or other capital improvements owned by the**
22 **development authority and lease them to or for the benefit of**
23 **an eligible political subdivision.**

24 **(4) Construct or reconstruct highways, roads, and bridges.**

25 **(5) Acquire land or all or a part of one (1) or more projects**
26 **from an eligible political subdivision by purchase or lease and**
27 **lease the land or projects back to the eligible political**
28 **subdivision, with any additional improvements that may be**
29 **made to the land or projects.**

30 **(6) Acquire all or a part of one (1) or more projects from an**
31 **eligible political subdivision by purchase or lease to fund or**
32 **refund indebtedness incurred on account of the projects to**
33 **enable the eligible political subdivision to make a savings in**
34 **debt service obligations or lease rental obligations or to obtain**
35 **relief from covenants that the eligible political subdivision**
36 **considers to be unduly burdensome.**

37 **(7) Make loans, loan guarantees, and grants or provide other**
38 **financial assistance to or on behalf of the following:**

39 **(A) A commuter transportation district.**

40 **(B) An airport authority.**

41 **(C) A regional transportation authority. A loan, a loan**
42 **guarantee, a grant, or other financial assistance under this**

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clause may be used by a regional transportation authority for acquiring, improving, operating, maintaining, financing, and supporting the following:

(i) Bus services (including fixed route services and flexible or demand-responsive services) that are a component of a public transportation system.

(ii) Bus terminals, stations, or facilities or other regional bus authority projects.

(D) A county.

(E) A municipality.

(8) Provide funding to assist a railroad that is providing commuter transportation services in a county containing territory included in the development authority.

(9) Provide funding to assist an airport authority located in a county containing territory included in the development authority in the construction, reconstruction, renovation, purchase, lease, acquisition, and equipping of an airport facility or airport project.

(10) Provide funding for intermodal transportation projects and facilities.

(11) Provide funding for regional trails and greenways.

(12) Provide funding for economic development projects.

(13) Hold, use, lease, rent, purchase, acquire, and dispose of by purchase, exchange, gift, bequest, grant, condemnation, lease, or sublease, on the terms and conditions determined by the development authority, any real or personal property.

(14) After giving notice, enter upon any lots or lands for the purpose of surveying or examining them to determine the location of a project.

(15) Make or enter into all contracts and agreements necessary or incidental to the performance of the development authority's duties and the execution of the development authority's powers under this article.

(16) Sue, be sued, plead, and be impleaded.

(17) Design, order, contract for, construct, reconstruct, and renovate a project or improvements to a project.

(18) Appoint an executive director and employ appraisers, real estate experts, engineers, architects, surveyors, attorneys, accountants, auditors, clerks, construction managers, and any consultants or employees that are necessary or desired by the development authority in exercising its powers or carrying out its duties under this article.

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- 1 **(1) The proposed projects to be undertaken or financed by the**
 2 **development authority.**
- 3 **(2) The following information for each project included under**
 4 **subdivision (1):**
- 5 **(A) Timeline and budget.**
- 6 **(B) The return on investment.**
- 7 **(C) The projected or expected need for an ongoing subsidy.**
- 8 **(D) Any projected or expected federal matching funds.**
- 9 **(b) The development authority shall, not later than January 1**
 10 **of the second year following the year in which the development**
 11 **authority is established, submit the comprehensive strategic**
 12 **development plan for review by the budget committee and**
 13 **approval by the director of the office of management and budget.**
- 14 **Chapter 4. Financing; Issuance of Bonds; Leases**
- 15 **Sec. 1. (a) A development board shall establish and administer**
 16 **a development authority fund.**
- 17 **(b) A development authority fund consists of the following:**
- 18 **(1) Amounts transferred under section 2 of this chapter by**
 19 **each county and municipality that is a member of the**
 20 **development authority.**
- 21 **(2) Appropriations, grants, or other distributions made to the**
 22 **fund by the state.**
- 23 **(3) Money received from the federal government.**
- 24 **(4) Gifts, contributions, donations, and private grants made**
 25 **to the fund.**
- 26 **(c) On the date a development authority issues bonds for any**
 27 **purpose under this article, which are secured in whole or in part by**
 28 **the development authority fund, the development board shall**
 29 **establish and administer two (2) accounts within the development**
 30 **authority fund. The accounts must be the general account and the**
 31 **lease rental account. After the accounts are established, all money**
 32 **transferred to the development authority fund under subsection**
 33 **(b)(1) shall be deposited in the lease rental account and used only**
 34 **for the payment of or to secure the payment of obligations of an**
 35 **eligible political subdivision under a lease entered into by the**
 36 **eligible political subdivision and the development authority under**
 37 **this chapter. However, any money deposited in the lease rental**
 38 **account and not used for the purposes of this subsection shall be**
 39 **returned by the secretary-treasurer of the development authority**
 40 **to the unit that contributed the money to the development**
 41 **authority.**
- 42 **(d) Notwithstanding subsection (c), if the amount of all money**

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1 transferred to a development authority fund under subsection
2 (b)(1) for deposit in the lease rental account in any one (1) calendar
3 year is greater than an amount equal to the product of:

- 4 (1) one and twenty-five hundredths (1.25); multiplied by
- 5 (2) the total of the highest annual debt service on any bonds
- 6 then outstanding to their final maturity date, which have been
- 7 issued under this article and are not secured by a lease, plus
- 8 the highest annual lease payments on any leases to their final
- 9 maturity, which are then in effect under this article;

10 then all or a part of the excess may instead be deposited in the
11 general account.

12 (e) All other money and revenue of a development authority
13 may be deposited in the general account or the lease rental account
14 at the discretion of the development board. Money on deposit in the
15 lease rental account may be used only to make rental payments on
16 leases entered into by the development authority under this article.
17 Money on deposit in the general account may be used for any
18 purpose authorized by this article.

19 (f) A development authority fund shall be administered by the
20 development authority that established the development authority
21 fund.

22 (g) Money in a development authority fund shall be used by the
23 development authority to carry out this article and does not revert
24 to any other fund.

25 Sec. 2. (a) Beginning January 1 of the year following the year in
26 which a development authority is established, the fiscal officer of
27 each county and each municipality that is a member of the
28 development authority shall transfer the amount determined under
29 subsection (b) to the development authority for deposit in the
30 development authority fund.

31 (b) The amount of the transfer required each year by subsection
32 (a) from each county and each municipality is equal to the amount
33 that would be distributed to the county or the municipality as
34 certified distributions of county economic development income tax
35 revenue raised from a county economic development income tax
36 rate of five-hundredths of one percent (0.05%) in the county.

37 (c) Notwithstanding subsection (b), if the additional county
38 economic development income tax under IC 6-3.5-7-28 is in effect
39 in a county, the obligations of the county and each municipality in
40 the county under this section are satisfied by the transfer to the
41 development fund of all county economic development income tax
42 revenue derived from the additional tax and deposited in the

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county regional development authority fund.

(d) The following apply to the transfers required by this section:

(1) The transfers shall be made without appropriation by the fiscal body of the county or the fiscal body of the municipality.

(2) Except as provided in subdivision (3), the fiscal officer of each county and each municipality that is a member of the development authority shall transfer twenty-five percent (25%) of the total transfers due for the year before the last business day of January, April, July, and October of each year.

(3) County economic development income tax revenue derived from the additional county economic development income tax under IC 6-3.5-7-28 must be transferred to the development fund not more than thirty (30) days after being deposited in the county regional development fund.

(4) This subdivision does not apply to a county in which the additional county economic development income tax under IC 6-3.5-7-28 has been imposed or to any municipality in the county. The transfers required by this section may be made from any local revenue (other than property tax revenue) of the county or municipality, including excise tax revenue, income tax revenue, local option tax revenue, riverboat tax revenue, distributions, incentive payments, or money deposited in the county's or municipality's local major moves construction fund under IC 8-14-16.

Sec. 3. (a) Subject to subsection (h), a development authority may issue bonds for the purpose of obtaining money to pay the cost of:

(1) acquiring real or personal property, including existing capital improvements;

(2) acquiring, constructing, improving, reconstructing, or renovating one (1) or more projects; or

(3) funding or refunding bonds issued under this chapter, IC 8-5-15, IC 8-22-3, IC 36-9-3, or prior law.

(b) The bonds are payable solely from:

(1) the lease rentals from the lease of the projects for which the bonds were issued, insurance proceeds, and any other funds pledged or available; and

(2) except as otherwise provided by law, revenue received by the development authority and amounts deposited in the development authority fund.

(c) The bonds must be authorized by a resolution of the

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1 development board of the development authority that issues the
2 bonds.

3 (d) The terms and form of the bonds must either be set out in
4 the resolution or in a form of trust indenture approved by the
5 resolution.

6 (e) The bonds must mature within forty (40) years.

7 (f) A development board shall sell the bonds only to the Indiana
8 finance authority established by IC 4-4-11-4 upon the terms
9 determined by the development board and the Indiana finance
10 authority.

11 (g) All money received from any bonds issued under this
12 chapter shall be applied solely to the payment of the cost of
13 acquiring, constructing, improving, reconstructing, or renovating
14 one (1) or more projects, or the cost of refunding or refinancing
15 outstanding bonds, for which the bonds are issued. The cost may
16 include:

17 (1) planning and development of equipment or a facility and
18 all buildings, facilities, structures, equipment, and
19 improvements related to the facility;

20 (2) acquisition of a site and clearing and preparing the site for
21 construction;

22 (3) equipment, facilities, structures, and improvements that
23 are necessary or desirable to make the project suitable for use
24 and operations;

25 (4) architectural, engineering, consultant, and attorney's fees;

26 (5) incidental expenses in connection with the issuance and
27 sale of bonds;

28 (6) reserves for principal and interest;

29 (7) interest during construction;

30 (8) financial advisory fees;

31 (9) insurance during construction;

32 (10) municipal bond insurance, debt service reserve
33 insurance, letters of credit, or other credit enhancement; and

34 (11) in the case of refunding or refinancing, payment of the
35 principal of, redemption premiums (if any) for, and interest
36 on the bonds being refunded or refinanced.

37 (h) A development authority may not issue bonds under this
38 article unless the development authority first finds that each
39 contract for the construction of a facility and all buildings,
40 facilities, structures, and improvements related to that facility to
41 be financed in whole or in part through the issuance of the bonds
42 requires payment of the common construction wage required by

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1 IC 5-16-7.

2 Sec. 4. This chapter contains full and complete authority for the
3 issuance of bonds. No law, procedure, proceedings, publications,
4 notices, consents, approvals, orders, or acts by a development
5 board or any other officer, department, agency, or instrumentality
6 of the state or of any political subdivision is required to issue any
7 bonds, except as prescribed in this article.

8 Sec. 5. (a) A development authority may secure bonds issued
9 under this chapter by a trust indenture between the development
10 authority and a corporate trustee, which may be any trust
11 company or national or state bank in Indiana that has trust
12 powers.

13 (b) The trust indenture may:

14 (1) pledge or assign revenue received by the development
15 authority, amounts deposited in the development authority
16 fund, and lease rentals, receipts, and income from leased
17 projects, but may not mortgage land or projects;

18 (2) contain reasonable and proper provisions for protecting
19 and enforcing the rights and remedies of the bondholders,
20 including covenants setting forth the duties of the
21 development authority and development board;

22 (3) set forth the rights and remedies of bondholders and
23 trustees; and

24 (4) restrict the individual right of action of bondholders.

25 (c) Any pledge or assignment made by the development
26 authority under this section is valid and binding in accordance with
27 IC 5-1-14-4 from the time that the pledge or assignment is made,
28 against all persons whether they have notice of the lien or not. Any
29 trust indenture by which a pledge is created or an assignment
30 made need not be filed or recorded. The lien is perfected against
31 third parties in accordance with IC 5-1-14-4.

32 Sec. 6. (a) Bonds issued under IC 8-5-15, IC 8-22-3, IC 36-9-3,
33 or prior law may be refunded as provided in this section.

34 (b) An eligible political subdivision may:

35 (1) lease all or a part of land or a project or projects to a
36 development authority, which may be at a nominal lease
37 rental with a lease back to the eligible political subdivision,
38 conditioned upon the development authority assuming bonds
39 issued under IC 8-5-15, IC 8-22-3, IC 36-9-3, or prior law and
40 issuing its bonds to refund those bonds; and

41 (2) sell all or a part of land or a project or projects to a
42 development authority for a price sufficient to provide for the

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- 1 refunding of those bonds and lease back the land or project or
2 projects from the development authority.
- 3 **Sec. 7. (a) Before a lease may be entered into by an eligible**
4 **political subdivision under this chapter, the eligible political**
5 **subdivision must find that the lease rental provided for is fair and**
6 **reasonable.**
- 7 **(b) A lease of land or a project from a development authority to**
8 **an eligible political subdivision:**
- 9 **(1) may not have a term exceeding forty (40) years;**
10 **(2) may not require payment of lease rentals for a newly**
11 **constructed project or for improvements to an existing**
12 **project until the project or improvements to the project have**
13 **been completed and are ready for occupancy or use;**
14 **(3) may contain provisions:**
- 15 **(A) allowing the eligible political subdivision to continue to**
16 **operate an existing project until completion of the**
17 **acquisition, improvements, reconstruction, or renovation**
18 **of that project or any other project; and**
19 **(B) requiring payment of lease rentals for land, for an**
20 **existing project being used, reconstructed, or renovated, or**
21 **for any other existing project;**
- 22 **(4) may contain an option to renew the lease for the same or**
23 **a shorter term on the conditions provided in the lease;**
24 **(5) must contain an option for the eligible political subdivision**
25 **to purchase the project upon the terms stated in the lease**
26 **during the term of the lease for a price equal to the amount**
27 **required to pay all indebtedness incurred on account of the**
28 **project, including indebtedness incurred for the refunding of**
29 **that indebtedness;**
- 30 **(6) may be entered into before acquisition or construction of**
31 **a project;**
- 32 **(7) may provide that the eligible political subdivision shall**
33 **agree to:**
- 34 **(A) pay any taxes and assessments on the project;**
35 **(B) maintain insurance on the project for the benefit of the**
36 **development authority;**
37 **(C) assume responsibility for utilities, repairs, alterations,**
38 **and any costs of operation; and**
39 **(D) pay a deposit or series of deposits to the development**
40 **authority from any funds available to the eligible political**
41 **subdivision before the commencement of the lease to**
42 **secure the performance of the eligible political**

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1 subdivision's obligations under the lease; and
2 (8) must provide that the lease rental payments by the eligible
3 political subdivision shall be made from the development
4 authority fund established under section 1 of this chapter and
5 may provide that the lease rental payments by the eligible
6 political subdivision shall be made from:

- 7 (A) net revenues of the project;
- 8 (B) any other funds available to the eligible political
9 subdivision; or
- 10 (C) both sources described in clauses (A) and (B).

11 Sec. 8. This chapter contains full and complete authority for
12 leases between a development authority and an eligible political
13 subdivision. No law, procedure, proceedings, publications, notices,
14 consents, approvals, orders, or acts by a development authority or
15 the eligible political subdivision or any other officer, department,
16 agency, or instrumentality of the state or any political subdivision
17 is required to enter into any lease, except as prescribed in this
18 article.

19 Sec. 9. If the lease provides for a project or improvements to a
20 project to be constructed by a development authority, the plans
21 and specifications shall be submitted to and approved by all
22 agencies designated by law to pass on plans and specifications for
23 public buildings.

24 Sec. 10. A development authority and an eligible political
25 subdivision may enter into common wall (party wall) agreements
26 or other agreements concerning easements or licenses. These
27 agreements shall be recorded with the recorder of the county in
28 which the project is located.

29 Sec. 11. (a) An eligible political subdivision may lease for a
30 nominal lease rental, or sell to a development authority, one (1) or
31 more projects or parts of a project or land on which a project is
32 located or is to be constructed.

33 (b) Any lease of all or a part of a project by an eligible political
34 subdivision to a development authority must be for a term equal to
35 the term of the lease of that project back to the eligible political
36 subdivision.

37 (c) An eligible political subdivision may sell property to a
38 development authority for the amount the eligible political
39 subdivision determines to be in the best interest of the eligible
40 political subdivision. The development authority may pay that
41 amount from the proceeds of bonds of the development authority.

42 Sec. 12. If an eligible political subdivision exercises its option to

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1 purchase leased property, the eligible political subdivision may
2 issue its bonds as authorized by statute.

3 **Sec. 13. (a) All:**

4 (1) property owned by a development authority;
5 (2) revenue of a development authority; and
6 (3) bonds issued by a development authority, the interest on
7 the bonds, the proceeds received by a holder from the sale of
8 bonds to the extent of the holder's cost of acquisition,
9 proceeds received upon redemption before maturity, proceeds
10 received at maturity, and the receipt of interest in proceeds;
11 are exempt from taxation in Indiana for all purposes except the
12 financial institutions tax imposed under IC 6-5.5 or a state
13 inheritance tax imposed under IC 6-4.1.

14 (b) All securities issued under this chapter are exempt from the
15 registration requirements of IC 23-2-1 and other securities
16 registration statutes.

17 **Sec. 14. Bonds issued under this chapter are legal investments**
18 **for private trust funds and the funds of banks, trust companies,**
19 **insurance companies, building and loan associates, credit unions,**
20 **savings banks, private banks, loan and trust and safe deposit**
21 **companies, rural loan and savings associations, guaranty loan and**
22 **savings associations, mortgage guaranty companies, small loan**
23 **companies, industrial loan and investment companies, and other**
24 **financial institutions organized under Indiana law.**

25 **Sec. 15. An action to contest the validity of bonds to be issued**
26 **under this chapter may not be brought after the time limitations**
27 **set forth in IC 5-1-14-13.**

28 **Sec. 16. (a) This section applies if:**

- 29 (1) a county or municipality that is a member of a
30 development authority fails to make a transfer or a part of a
31 transfer required by section 2 of this chapter; and
32 (2) the development authority has bonds or other debt or lease
33 obligations outstanding.

34 (b) The treasurer of state shall, notwithstanding IC 6-1.1-21, do
35 the following:

- 36 (1) Reduce the next distribution of property tax replacement
37 credits under IC 6-1.1-21 to the county or municipality that
38 failed to make a transfer or part of a transfer and withhold an
39 amount equal to the amount of the transfer or part of the
40 transfer under section 2 of this chapter that the unit failed to
41 make.

42 (2) Pay the amount withheld under subdivision (1) to the

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development authority.

Sec. 17. (a) If there are bonds outstanding that have been issued under this article by a development authority and are not secured by a lease, or if there are leases in effect under this article, the general assembly covenants that it will not reduce the amount required to be transferred under section 2 of this chapter from a county or municipality that is a member of a development authority to the development authority below an amount that would produce one and twenty-five hundredths (1.25) multiplied by the total of the highest annual debt service on the bonds to their final maturity plus the highest annual lease payments on the leases to their final termination date.

(b) The general assembly also covenants that it will not:

(1) repeal or amend this article in a manner that would adversely affect owners of outstanding bonds, or the payment of lease rentals, secured by the amounts pledged under this chapter; or

(2) in any way impair the rights of owners of bonds of a development authority, or the owners of bonds secured by lease rentals, secured by a pledge of revenues under this chapter;

except as otherwise set forth in subsection (a).

SECTION 7. An emergency is declared for this act.

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