



Reprinted
February 16, 2011

SENATE BILL No. 550

DIGEST OF SB 550 (Updated February 15, 2011 4:07 pm - DI 58)

Citations Affected: IC 36-7.

Synopsis: Redevelopment commissions and authorities. Provides that the legislative body of a unit must approve the budget, the tax levy, spending, bond and debt financing, a lease pertaining to bonds or debt financing, the use of capitalized interest, selling of property, and allocation of excess tax revenue of the unit's redevelopment commission and redevelopment authority. Provides that the legislative body of the unit must approve a redevelopment commission's purchase of property if: (1) under the purchase agreement payments for the purchase are required to be made over more than three years; or (2) the purchase price of the property exceeds \$5,000,000. Provides that the legislative body of a unit shall review, may modify, and must approve the redevelopment commission's annual determination of whether there will be assessed value in each allocation area that could be allocated to the base assessed value of all units having taxing authority in the allocation area without impacting the obligations of the redevelopment commission. Requires the treasurer of a redevelopment commission outside Indianapolis and the secretary-treasurer of a redevelopment authority outside Indianapolis to report quarterly to the fiscal officer of the unit that established the commission or authority. Provides that the Indianapolis controller is the fiscal officer of the redevelopment commission and redevelopment authority in Indianapolis. Authorizes the Indianapolis controller to obtain financial services on a contractual basis.

Effective: July 1, 2011.

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**Boots, Kenley, Delph, Schneider,
Broden**

January 20, 2011, read first time and referred to Committee on Local Government.
January 27, 2011, reassigned to Committee on Appropriations pursuant to Senate Rule 68(b).
February 14, 2011, amended, reported favorably — Do Pass.
February 15, 2011, read second time, amended, ordered engrossed.

SB 550—LS 7563/DI 58+



First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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SENATE BILL No. 550

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 36-7-14-2.5, AS AMENDED BY P.L.221-2007,
2 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2011]: Sec. 2.5. (a) The assessment, planning, replanning,
4 remediation, development, and redevelopment of economic
5 development areas:
6 (1) are public and governmental functions that cannot be
7 accomplished through the ordinary operations of private
8 enterprise because of:
9 (A) the necessity for requiring the proper use of the land so as
10 to best serve the interests of the county and its citizens; and
11 (B) the costs of these projects;
12 (2) will:
13 (A) benefit the public health, safety, morals, and welfare;
14 (B) increase the economic well-being of the unit and the state;
15 and
16 (C) serve to protect and increase property values in the unit
17 and the state; and

SB 550—LS 7563/DI 58+



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

(b) This section and sections 41 and 43 of this chapter shall be liberally construed to carry out the purposes of this section. **However, a redevelopment commission may not incur debt or any obligation to make payments using tax revenue without first obtaining the approval of the legislative body of the unit. However, if the obligation pertains to the purchase of property, the approval by the legislative body of the unit is required only if there is an agreement by the commission to:**

(1) make payments for the property to be purchased over a term exceeding three (3) years; or

(2) pay a purchase price for the property that exceeds five million dollars (\$5,000,000).

SECTION 2. IC 36-7-14-3, AS AMENDED BY P.L.190-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. (a) A unit may establish a department of redevelopment controlled by a board of five (5) members to be known as "_____ Redevelopment Commission", designating the name of the municipality or county. However, in the case of a county, the county executive may adopt an ordinance providing that the county redevelopment commission consists of seven (7) members.

(b) A redevelopment commission and a department of redevelopment are subject to the oversight of the legislative body of the unit, including approval by the legislative body of annual budgets. A redevelopment commission is a public agency for purposes of IC 5-14-1.5 and IC 5-14-3 and a municipality for purposes of IC 5-11-1.

~~(b)~~ (c) Subject to section 3.5 of this chapter, all of the territory within the corporate boundaries of a municipality constitutes a taxing district for the purpose of levying and collecting special benefit taxes for redevelopment purposes as provided in this chapter. Subject to section 3.5 of this chapter, all of the territory in a county, except that within a municipality that has a redevelopment commission, constitutes a taxing district for a county.

~~(c)~~ (d) All of the taxable property within a taxing district is considered to be benefited by redevelopment projects carried out under this chapter to the extent of the special taxes levied under this chapter.

SECTION 3. IC 36-7-14-8, AS AMENDED BY P.L.190-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) The redevelopment commissioners shall hold a meeting for the purpose of organization not later than thirty (30)

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1 days after they are appointed and, after that, each year on the first day
2 in January that is not a Saturday, a Sunday, or a legal holiday. They
3 shall choose one (1) of their members as president, another as vice
4 president, and another as secretary. These officers shall perform the
5 duties usually pertaining to their offices and shall serve from the date
6 of their election until their successors are elected and qualified.

7 (b) The redevelopment commission may appoint a treasurer who
8 need not be a member of the redevelopment commission. The
9 redevelopment commission may provide for the payment of
10 compensation to a treasurer who is not a member of the redevelopment
11 commission. Notwithstanding any other provision of this chapter, the
12 treasurer has charge over and is responsible for the administration,
13 investment, and disbursement of all funds and accounts of the
14 redevelopment commission in accordance with the requirements of this
15 chapter. However, the treasurer may not perform any duties of the
16 fiscal officer or any other officer of the unit that are prescribed by
17 section 24 of this chapter or by any provisions of this chapter that
18 pertain to the issuance and sale of bonds, notes, or warrants of the
19 special taxing district. **The treasurer shall report quarterly to the**
20 **fiscal officer of the unit.**

21 (c) The redevelopment commissioners may adopt the rules and
22 bylaws they consider necessary for the proper conduct of their
23 proceedings, the carrying out of their duties, and the safeguarding of
24 the money and property placed in their custody by this chapter. In
25 addition to the annual meeting, the commissioners may, by resolution
26 or in accordance with their rules and bylaws, prescribe the date and
27 manner of notice of other regular or special meetings.

28 (d) This subsection does not apply to a county redevelopment
29 commission that consists of seven (7) members. Three (3) of the
30 redevelopment commissioners constitute a quorum, and the
31 concurrence of three (3) commissioners is necessary to authorize any
32 action.

33 (e) This subsection applies only to a county redevelopment
34 commission that consists of seven (7) members. Four (4) of the
35 redevelopment commissioners constitute a quorum, and the
36 concurrence of four (4) commissioners is necessary to authorize any
37 action.

38 SECTION 4. IC 36-7-14-12.2, AS AMENDED BY P.L.221-2007,
39 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2011]: Sec. 12.2. (a) The redevelopment commission may do
41 the following:

- 42 (1) Acquire by purchase, exchange, gift, grant, condemnation, or

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- 1 lease, or any combination of methods, any personal property or
- 2 interest in real property needed for the redevelopment of areas
- 3 needing redevelopment that are located within the corporate
- 4 boundaries of the unit.
- 5 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
- 6 other instrument), exchange, lease, rent, or otherwise dispose of
- 7 property acquired for use in the redevelopment of areas needing
- 8 redevelopment on the terms and conditions that the commission
- 9 considers best for the unit and its inhabitants.
- 10 (3) Sell, lease, or grant interests in all or part of the real property
- 11 acquired for redevelopment purposes to any other department of
- 12 the unit or to any other governmental agency for public ways,
- 13 levees, sewerage, parks, playgrounds, schools, and other public
- 14 purposes on any terms that may be agreed on.
- 15 (4) Clear real property acquired for redevelopment purposes.
- 16 (5) Enter on or into, inspect, investigate, and assess real property
- 17 and structures acquired or to be acquired for redevelopment
- 18 purposes to determine the existence, source, nature, and extent of
- 19 any environmental contamination, including the following:
- 20 (A) Hazardous substances.
- 21 (B) Petroleum.
- 22 (C) Other pollutants.
- 23 (6) Remediate environmental contamination, including the
- 24 following, found on any real property or structures acquired for
- 25 redevelopment purposes:
- 26 (A) Hazardous substances.
- 27 (B) Petroleum.
- 28 (C) Other pollutants.
- 29 (7) Repair and maintain structures acquired for redevelopment
- 30 purposes.
- 31 (8) Remodel, rebuild, enlarge, or make major structural
- 32 improvements on structures acquired for redevelopment purposes.
- 33 (9) Survey or examine any land to determine whether it should be
- 34 included within an area needing redevelopment to be acquired for
- 35 redevelopment purposes and to determine the value of that land.
- 36 (10) Appear before any other department or agency of the unit, or
- 37 before any other governmental agency in respect to any matter
- 38 affecting:
- 39 (A) real property acquired or being acquired for
- 40 redevelopment purposes; or
- 41 (B) any area needing redevelopment within the jurisdiction of
- 42 the commissioners.

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- 1 (11) Institute or defend in the name of the unit any civil action.
- 2 (12) Use any legal or equitable remedy that is necessary or
- 3 considered proper to protect and enforce the rights of and perform
- 4 the duties of the department of redevelopment.
- 5 (13) Exercise the power of eminent domain in the name of and
- 6 within the corporate boundaries of the unit in the manner
- 7 prescribed by section 20 of this chapter.
- 8 (14) Appoint an executive director, appraisers, real estate experts,
- 9 engineers, architects, surveyors, and attorneys.
- 10 (15) Appoint clerks, guards, laborers, and other employees the
- 11 commission considers advisable, except that those appointments
- 12 must be made in accordance with the merit system of the unit if
- 13 such a system exists.
- 14 (16) Prescribe the duties and regulate the compensation of
- 15 employees of the department of redevelopment.
- 16 (17) Provide a pension and retirement system for employees of
- 17 the department of redevelopment by using the Indiana public
- 18 employees' retirement fund or a retirement plan approved by the
- 19 United States Department of Housing and Urban Development.
- 20 (18) Discharge and appoint successors to employees of the
- 21 department of redevelopment subject to subdivision (15).
- 22 (19) Rent offices for use of the department of redevelopment, or
- 23 accept the use of offices furnished by the unit.
- 24 (20) Equip the offices of the department of redevelopment with
- 25 the necessary furniture, furnishings, equipment, records, and
- 26 supplies.
- 27 (21) Expend, on behalf of the special taxing district, all or any
- 28 part of the money of the special taxing district.
- 29 (22) Contract for the construction of:
- 30 (A) local public improvements (as defined in IC 36-7-14.5-6)
- 31 or structures that are necessary for redevelopment of areas
- 32 needing redevelopment or economic development within the
- 33 corporate boundaries of the unit; or
- 34 (B) any structure that enhances development or economic
- 35 development.
- 36 (23) Contract for the construction, extension, or improvement of
- 37 pedestrian skyways.
- 38 (24) Accept loans, grants, and other forms of financial assistance
- 39 from the federal government, the state government, a municipal
- 40 corporation, a special taxing district, a foundation, or any other
- 41 source.
- 42 (25) Provide financial assistance (including grants and loans) to

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1 enable individuals and families to purchase or lease residential
2 units within the district. However, financial assistance may be
3 provided only to individuals and families whose income is at or
4 below the unit's median income for individuals and families,
5 respectively.

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

8 (A) provide financial assistance for the purposes described in
9 subdivision (25); or

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

12 (27) Require as a condition of financial assistance to the owner of
13 a multiple unit residential structure that any of the units leased by
14 the owner must be leased:

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

17 (B) to families whose income does not exceed eighty percent
18 (80%) of the unit's median income for families; and

19 (C) at an affordable rate.

20 (b) Conditions imposed by the commission under subsection (a)(27)
21 remain in force throughout the period determined under subsection
22 (a)(27)(A), even if the owner sells, leases, or conveys the property. The
23 subsequent owner or lessee is bound by the conditions for the
24 remainder of the period.

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

33 (d) All powers that may be exercised under this chapter by the
34 redevelopment commission may also be exercised by the
35 redevelopment commission in carrying out its duties and purposes
36 under IC 36-7-14.5. **However, if a power pertains to issuing bonds
37 or incurring debt, the exercise of the power must first be
38 specifically approved by the legislative body of the unit.**

39 SECTION 5. IC 36-7-14-13 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. (a) Within thirty
41 (30) days after the close of each calendar year, the redevelopment
42 commissioners shall file with the unit's executive a report setting out

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their activities during the preceding calendar year.

(b) The report of the commissioners of a municipal redevelopment commission must show the names of the then qualified and acting commissioners, the names of the officers of that body, the number of regular employees and their fixed salaries or compensation, the amount of the expenditures made during the preceding year and their general purpose, the amount of funds on hand at the close of the calendar year, and other information necessary to disclose the activities of the commissioners and the results obtained.

(c) The report of the commissioners of a county redevelopment commission must show all the information required by subsection (b), plus the names of any commissioners appointed to or removed from office during the preceding calendar year.

(d) A redevelopment commission and a department of redevelopment are subject to the same laws, rules, and ordinances that apply to other commissions or departments of the unit and any additional policies prescribed by the legislative body of the unit.

SECTION 6. IC 36-7-14-19, AS AMENDED BY P.L.185-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: 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 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

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1 expert negotiations, but no option, contract, or understanding relative
 2 to the purchase of real property is binding on the commission until
 3 approved and accepted by the commission in writing. The commission
 4 may authorize the payment of a nominal fee to bind an option and as a
 5 part of the consideration for conveyance may agree to pay the expense
 6 incident to the conveyance and determination of the title of the
 7 property. Payment for the property purchased shall be made when and
 8 as directed by the commission but only on delivery of proper
 9 instruments conveying the title or interest of the owner to the "City
 10 (Town or County) of _____ for the use and benefit of its
 11 department of redevelopment". **Notwithstanding the other provisions
 12 of this subsection, any agreement by the commission to:**

- 13 **(1) make payments for the property to be purchased over a**
- 14 **term exceeding three (3) years; or**
- 15 **(2) pay a purchase price for the property that exceeds five**
- 16 **million dollars (\$5,000,000);**

17 **is subject to the approval of the legislative body of the unit.**
 18 (d) All real property and interests in real property acquired by the
 19 redevelopment commission are free and clear of all liens, assessments,
 20 and other governmental charges except for current property taxes,
 21 which shall be prorated to the date of acquisition.

22 (e) Notwithstanding subsections (a) through (d), the redevelopment
 23 commission may, before the time referred to in this section, accept gifts
 24 of property needed for the redevelopment of redevelopment project
 25 areas if the property is free and clear of all liens other than taxes,
 26 assessments, and other governmental charges. The commission may,
 27 before the time referred to in this section, take options on or contract
 28 for the acquisition of property needed for the redevelopment of
 29 redevelopment project areas if the options and contracts are not binding
 30 on the commission or the district until the time referred to in this
 31 section and until money is available to pay the consideration set out in
 32 the options or contracts.

33 SECTION 7. IC 36-7-14-22.5, AS ADDED BY P.L.169-2006,
 34 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2011]: Sec. 22.5. (a) This section applies to the following:

- 36 (1) Real property:
 - 37 (A) that was acquired by the commission to carry out a
 - 38 redevelopment project, an economic development area project,
 - 39 or an urban renewal project; and
 - 40 (B) relative to which the commission has, at a public hearing,
 - 41 decided that the real property is not needed to complete the
 - 42 redevelopment activity, an economic development activity, or

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1 urban renewal activity in the project area.

2 (2) Real property acquired under this chapter that is not in a

3 redevelopment project area, economic development area, or an

4 urban renewal project area.

5 (3) Parcels of property secured from the county under

6 IC 6-1.1-25-9(e) that were acquired by the county under

7 IC 6-1.1-24 and IC 6-1.1-25.

8 (4) Real property donated or transferred to the commission to be

9 held and disposed of under this section.

10 However, this section does not apply to property acquired under section

11 32.5 of this chapter.

12 (b) The commission may do the following to or for real property

13 described in subsection (a):

14 (1) Examine, classify, manage, protect, insure, and maintain the

15 property.

16 (2) Eliminate deficiencies (including environmental deficiencies),

17 carry out repairs, remove structures, and make improvements.

18 (3) Control the use of the property.

19 (4) Lease the property.

20 (5) Use any powers under section 12.2 of this chapter in relation

21 to the property.

22 (c) The commission may enter into contracts to carry out part or all

23 of the functions described in subsection (b).

24 (d) The commission may extinguish all delinquent taxes, special

25 assessments, and penalties relative to real property donated to the

26 commission to be held and disposed of under this section. The

27 commission shall provide the county auditor with a list of the real

28 property on which delinquent taxes, special assessments, and penalties

29 are extinguished under this subsection.

30 (e) **Subject to the prior approval by the legislative body of the**

31 **unit**, real property described in subsection (a) may be sold, exchanged,

32 transferred, granted, donated, or otherwise disposed of in any of the

33 following ways:

34 (1) In accordance with section 22, 22.2, 22.6, or 22.7 of this

35 chapter.

36 (2) In accordance with the provisions authorizing an urban

37 homesteading program under IC 36-7-17.

38 **The commission shall provide to the legislative body at the public**

39 **meeting all the information supporting the action the commission**

40 **proposes to take under this subsection, including any terms and**

41 **conditions the commission would have to agree to in order to carry**

42 **out the action.**

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1 (f) In disposing of real property under subsection (e), the
2 commission may:

- 3 (1) group together properties for disposition in a manner that will
- 4 best serve the interest of the community, from the standpoint of
- 5 both human and economic welfare; and
- 6 (2) group together nearby or similar properties to facilitate
- 7 convenient disposition.

8 SECTION 8. IC 36-7-14-25.1, AS AMENDED BY P.L.146-2008,
9 SECTION 732, IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2011]: Sec. 25.1. (a) In addition to other
11 methods of raising money for property acquisition or redevelopment in
12 a redevelopment project area, and in anticipation of the special tax to
13 be levied under section 27 of this chapter, the taxes allocated under
14 section 39 of this chapter, or other revenues of the district, or any
15 combination of these sources, the redevelopment commission may, by
16 resolution and subject to subsection (p), issue the bonds of the special
17 taxing district in the name of the unit. The amount of the bonds may
18 not exceed the total, as estimated by the commission, of all expenses
19 reasonably incurred in connection with the acquisition and
20 redevelopment of the property, including:

- 21 (1) the total cost of all land, rights-of-way, and other property to
- 22 be acquired and redeveloped;
- 23 (2) all reasonable and necessary architectural, engineering, legal,
- 24 financing, accounting, advertising, bond discount, and
- 25 supervisory expenses related to the acquisition and redevelopment
- 26 of the property or the issuance of bonds;
- 27 (3) capitalized interest permitted by this chapter and a debt
- 28 service reserve for the bonds to the extent the redevelopment
- 29 commission determines that a reserve is reasonably required; and
- 30 (4) expenses that the redevelopment commission is required or
- 31 permitted to pay under IC 8-23-17.

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

37 (c) **The legislative body of the unit must adopt a bond resolution**
38 **that includes the amount, term, and public purpose of the bond and**
39 **the use of its proceeds.** The bonds must be dated as set forth in the
40 bond resolution and negotiable, subject to the requirements of the bond
41 resolution for registering the bonds. The resolution authorizing the
42 bonds must state:

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- 1 (1) the denominations of the bonds;
- 2 (2) the place or places at which the bonds are payable; and
- 3 (3) the term of the bonds, which may not exceed:
 - 4 (A) fifty (50) years, for bonds issued before July 1, 2008;
 - 5 (B) thirty (30) years, for bonds issued after June 30, 2008, to
 - 6 finance:
 - 7 (i) an integrated coal gasification powerplant (as defined in
 - 8 IC 6-3.1-29-6);
 - 9 (ii) a part of an integrated coal gasification powerplant (as
 - 10 defined in IC 6-3.1-29-6); or
 - 11 (iii) property used in the operation or maintenance of an
 - 12 integrated coal gasification powerplant (as defined in
 - 13 IC 6-3.1-29-6);
 - 14 that received a certificate of public convenience and necessity
 - 15 from the Indiana utility regulatory commission under
 - 16 IC 8-1-8.5 et seq. before July 1, 2008; or
 - 17 (C) twenty-five (25) years, for bonds issued after June 30,
 - 18 2008, that are not described in clause (B).

19 The resolution may also state that the bonds are redeemable before
 20 maturity with or without a premium, as determined by the
 21 redevelopment commission **and approved by the legislative body of**
 22 **the unit.**

23 (d) The redevelopment commission shall certify a copy of the
 24 resolution authorizing the bonds to the municipal or county fiscal
 25 officer, who shall then prepare the bonds, subject to subsection (p). The
 26 seal of the unit must be impressed on the bonds, or a facsimile of the
 27 seal must be printed on the bonds.

28 (e) The bonds must be executed by the appropriate officer of the
 29 unit and attested by the municipal or county fiscal officer.

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

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

39 (h) Except as provided in subsection (i), a redevelopment
 40 commission may not issue the bonds when the total issue, including
 41 bonds already issued and to be issued, exceeds two percent (2%) of the
 42 adjusted value of the taxable property in the special taxing district, as

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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~~

legislative body:

- (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 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~~; **the amount approved by the legislative body in the bond resolution, which may not exceed the amount that would cause the projected annual bond payments to exceed the annual tax proceeds projected to be allocated under section 39(b)(2) of this chapter or other revenues of the redevelopment commission.**

(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. **The payment of capitalized interest must be specifically approved by the legislative body of the unit.**

(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:

- (1) the filing of petitions requesting the issuance of bonds; and
- (2) the right of:
 - (A) taxpayers and voters to remonstrate against the issuance of bonds in the case of a proposed bond issue described by IC 6-1.1-20-3.1(a); or
 - (B) voters to vote on the issuance of bonds in the case of a proposed bond issue described by IC 6-1.1-20-3.5(a);

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1 apply to bonds issued under this chapter except for bonds payable
2 solely from tax proceeds allocated under section 39(b)(2) of this
3 chapter, other revenues of the redevelopment commission, or any
4 combination of these sources.

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

8 (n) Any amount remaining in the debt service reserve after all of the
9 bonds of the issue for which the debt service reserve was established
10 have matured shall be:

11 (1) deposited in the allocation fund established under section
12 39(b)(2) of this chapter; and

13 (2) to the extent permitted by law, transferred to the county or
14 municipality that established the department of redevelopment for
15 use in reducing the county's or municipality's property tax levies
16 for debt service.

17 (o) If bonds are issued under this chapter that are payable solely or
18 in part from revenues to the redevelopment commission from a project
19 or projects, the redevelopment commission may adopt a resolution or
20 trust indenture or enter into covenants as is customary in the issuance
21 of revenue bonds. The resolution or trust indenture may pledge or
22 assign the revenues from the project or projects, but may not convey or
23 mortgage any project or parts of a project. The resolution or trust
24 indenture may also contain any provisions for protecting and enforcing
25 the rights and remedies of the bond owners as may be reasonable and
26 proper and not in violation of law, including covenants setting forth the
27 duties of the redevelopment commission. The redevelopment
28 commission may establish fees and charges for the use of any project
29 and covenant with the owners of any bonds to set those fees and
30 charges at a rate sufficient to protect the interest of the owners of the
31 bonds. Any revenue bonds issued by the redevelopment commission
32 that are payable solely from revenues of the commission shall contain
33 a statement to that effect in the form of bond.

34 (p) If the total principal amount of bonds authorized by a resolution
35 of the redevelopment commission adopted before July 1, 2008, is equal
36 to or greater than three million dollars (\$3,000,000), the bonds may not
37 be issued without the approval, by resolution, of the legislative body of
38 the unit. Bonds authorized in any principal amount by a resolution of
39 the redevelopment commission adopted after June 30, 2008, may not
40 be issued without the approval of the legislative body of the unit.

41 SECTION 9. IC 36-7-14-25.2, AS AMENDED BY P.L.146-2008,
42 SECTION 733, IS AMENDED TO READ AS FOLLOWS

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1 [EFFECTIVE JULY 1, 2011]: Sec. 25.2. (a) **Subject to the prior**
 2 **approval of the legislative body of the unit**, a redevelopment
 3 commission may enter into a lease of any property that could be
 4 financed with the proceeds of bonds issued under this chapter with a
 5 lessor for a term not to exceed:

- 6 (1) fifty (50) years, for a lease entered into before July 1, 2008; or
 7 (2) twenty-five (25) years, for a lease entered into after June 30,
 8 2008.

9 The lease may provide for payments to be made by the redevelopment
 10 commission from special benefits taxes levied under section 27 of this
 11 chapter, taxes allocated under section 39 of this chapter, any other
 12 revenues available to the redevelopment commission, or any
 13 combination of these sources.

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

20 (c) A lease may be entered into by the redevelopment commission
 21 only after a public hearing by the redevelopment commission at which
 22 all interested parties are provided the opportunity to be heard. After the
 23 public hearing, the redevelopment commission may adopt a resolution
 24 authorizing the execution of the lease on behalf of the unit if it finds
 25 that the service to be provided throughout the term of the lease will
 26 serve the public purpose of the unit and is in the best interests of its
 27 residents. Any lease approved by a resolution of the redevelopment
 28 commission must be approved by an ordinance of the fiscal body of the
 29 unit.

30 (d) Upon execution of a lease providing for payments by the
 31 redevelopment commission in whole or in part from the levy of special
 32 benefits taxes under section 27 of this chapter and upon approval of the
 33 lease by the unit's fiscal body, the redevelopment commission shall
 34 publish notice of the execution of the lease and its approval in
 35 accordance with IC 5-3-1. Fifty (50) or more taxpayers residing in the
 36 redevelopment district who will be affected by the lease and who may
 37 be of the opinion that no necessity exists for the execution of the lease
 38 or that the payments provided for in the lease are not fair and
 39 reasonable may file a petition in the office of the county auditor within
 40 thirty (30) days after the publication of the notice of execution and
 41 approval. The petition must set forth the petitioners' names, addresses,
 42 and objections to the lease and the facts showing that the execution of

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1 the lease is unnecessary or unwise or that the payments provided for in
 2 the lease are not fair and reasonable, as the case may be.

3 (e) Upon the filing of the petition, the county auditor shall
 4 immediately certify a copy of it, together with such other data as may
 5 be necessary in order to present the questions involved, to the
 6 department of local government finance. Upon receipt of the certified
 7 petition and information, the department of local government finance
 8 shall fix a time and place for a hearing in the redevelopment district,
 9 which must be not less than five (5) or more than thirty (30) days after
 10 the time is fixed. Notice of the hearing shall be given by the department
 11 of local government finance to the members of the fiscal body, to the
 12 redevelopment commission, and to the first fifty (50) petitioners on the
 13 petition by a letter signed by the commissioner or deputy commissioner
 14 of the department and enclosed with fully prepaid postage sent to those
 15 persons at their usual place of residence, at least five (5) days before
 16 the date of the hearing. The decision of the department of local
 17 government finance on the appeal, upon the necessity for the execution
 18 of the lease, and as to whether the payments under it are fair and
 19 reasonable, is final.

20 (f) A redevelopment commission entering into a lease payable from
 21 allocated taxes under section 39 of this chapter or other available funds
 22 of the redevelopment commission may:

23 (1) pledge the revenue to make payments under the lease pursuant
 24 to IC 5-1-14-4; and

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

26 (g) Lease rentals may be limited to money in the special fund so that
 27 the obligations of the redevelopment commission to make the lease
 28 rental payments are not considered debt of the unit or the district for
 29 purposes of the Constitution of the State of Indiana.

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

33 (i) An action to contest the validity of the lease or to enjoin the
 34 performance of any of its terms and conditions must be brought within
 35 thirty (30) days after the publication of the notice of the execution and
 36 approval of the lease. However, if the lease is payable in whole or in
 37 part from tax levies and an appeal has been taken to the department of
 38 local government finance, an action to contest the validity or enjoin the
 39 performance must be brought within thirty (30) days after the decision
 40 of the department.

41 (j) If a redevelopment commission exercises an option to buy a
 42 leased facility from a lessor, the redevelopment commission may

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

10 SECTION 10. IC 36-7-14-27, AS AMENDED BY P.L.146-2008,
 11 SECTION 734, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2011]: Sec. 27. (a) This section applies only to:

- 13 (1) bonds that are issued under section 25.1 of this chapter; and
 - 14 (2) leases entered into under section 25.2 of this chapter;
- 15 which are payable from a special tax levied upon all of the property in
 16 the special taxing district. This section does not apply to bonds or
 17 leases that are payable solely from tax proceeds allocated under section
 18 39(b)(2) of this chapter, other revenues of the redevelopment
 19 commission, or any combination of these sources.

20 (b) The ~~redevelopment commission~~ **legislative body** shall levy each
 21 year a special tax on all of the property of the redevelopment taxing
 22 district, in such a manner as to meet and pay the principal of the bonds
 23 as they mature, together with all accruing interest on the bonds or lease
 24 rental payments under section 25.2 of this chapter. The commission
 25 shall cause the tax levied to be certified to the proper officers as other
 26 tax levies are certified, and to the auditor of the county in which the
 27 redevelopment district is located, before the second day of October in
 28 each year. The tax shall be estimated and entered on the tax duplicate
 29 by the county auditor and shall be collected and enforced by the county
 30 treasurer in the same manner as other state and county taxes are
 31 estimated, entered, collected, and enforced. The amount of the tax
 32 levied to pay bonds or lease rentals payable from the tax levied under
 33 this section shall be reduced by any amount available in the allocation
 34 fund established under section 39(b)(2) of this chapter or other
 35 revenues of the redevelopment commission to the extent such revenues
 36 have been set aside in the redevelopment bond fund.

37 (c) As the tax is collected, it shall be accumulated in a separate fund
 38 to be known as the redevelopment district bond fund and shall be
 39 applied to the payment of the bonds as they mature and the interest on
 40 the bonds as it accrues, or to make lease payments and to no other
 41 purpose. All accumulations of the fund before their use for the payment
 42 of bonds and interest or to make lease payments shall be deposited with

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1 the depository or depositories for other public funds of the unit in
2 accordance with IC 5-13, unless they are invested under IC 5-13-9.

3 (d) If there are no outstanding bonds that are payable solely or in
4 part from tax proceeds allocated under section 39(b)(2) of this chapter
5 and that were issued to pay costs of redevelopment in an allocation area
6 that is located wholly or in part in the special taxing district, then all
7 proceeds from the sale or leasing of property in the allocation area
8 under section 22 of this chapter shall be paid into the redevelopment
9 district bond fund and become a part of that fund. In arriving at the tax
10 levy for any year, the redevelopment commission shall take into
11 account the amount of the proceeds deposited under this subsection and
12 remaining on hand.

13 (e) The tax levies provided for in this section are reviewable by
14 other bodies vested by law with the authority to ascertain that the levies
15 are sufficient to raise the amount that, with other amounts available, is
16 sufficient to meet the payments under the lease payable from the levy
17 of taxes.

18 SECTION 11. IC 36-7-14-27.5, AS AMENDED BY P.L.146-2008,
19 SECTION 735, IS AMENDED TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2011]: Sec. 27.5. (a) **Subject to the prior**
21 **approval by the legislative body of the unit**, the redevelopment
22 commission may borrow money in anticipation of receipt of the
23 proceeds of taxes levied for the redevelopment district bond fund and
24 not yet collected, and may evidence this borrowing by issuing warrants
25 of the redevelopment district. However, the aggregate principal amount
26 of warrants issued in anticipation of and payable from the same tax
27 levy or levies may not exceed an amount equal to eighty percent (80%)
28 of that tax levy or levies, as certified by the department of local
29 government finance, or as determined by multiplying the rate of tax as
30 finally approved by the total assessed valuation (after deducting all
31 mortgage deductions) within the redevelopment district, as most
32 recently certified by the county auditor.

33 (b) The warrants may be authorized and issued at any time after the
34 tax or taxes in anticipation of which they are issued have been levied
35 by the redevelopment commission. For purposes of this section, taxes
36 for any year are considered to be levied upon adoption by the
37 commission of a resolution prescribing the tax levies for the year.
38 However, the warrants may not be delivered and paid for before final
39 approval of the tax levy or levies by the county board of tax adjustment
40 or, if appealed, by the department of local government finance, unless
41 the issuance of the warrants has been approved by the department.

42 (c) All action that this section requires or authorizes the

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1 redevelopment commission to take may be taken by resolution, which
2 need not be published or posted. The resolution takes effect
3 immediately upon its adoption by the redevelopment commission. An
4 action to contest the validity of tax anticipation warrants may not be
5 brought later than ten (10) days after the sale date.

6 (d) In their resolution authorizing the warrants, the redevelopment
7 commission must provide that the warrants mature at a time or times
8 not later than December 31 after the year in which the taxes in
9 anticipation of which the warrants are issued are due and payable.

10 (e) In their resolution authorizing the warrants, the redevelopment
11 commission may provide:

- 12 (1) the date of the warrants;
- 13 (2) the interest rate of the warrants;
- 14 (3) the time of interest payments on the warrants;
- 15 (4) the denomination of the warrants;
- 16 (5) the form either registered or payable to bearer, of the warrants;
- 17 (6) the place or places of payment of the warrants, either inside or
18 outside the state;
- 19 (7) the medium of payment of the warrants;
- 20 (8) the terms of redemption, if any, of the warrants, at a price not
21 exceeding par value and accrued interest;
- 22 (9) the manner of execution of the warrants; and
- 23 (10) that all costs incurred in connection with the issuance of the
24 warrants may be paid from the proceeds of the warrants.

25 (f) The warrants shall be sold for not less than par value, after notice
26 inviting bids has been published under IC 5-3-1. The redevelopment
27 commission may also publish the notice in other newspapers or
28 financial journals.

29 (g) Warrants and the interest on them are not subject to any
30 limitation contained in section 25.1 of this chapter, and are payable
31 solely from the proceeds of the tax levy or levies in anticipation of
32 which the warrants were issued. The authorizing resolution must
33 pledge a sufficient amount of the proceeds of the tax levy or levies to
34 the payment of the warrants and the interest.

35 SECTION 12. IC 36-7-14-39, AS AMENDED BY
36 P.L.182-2009(ss), SECTION 404, IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 39. (a) As used in this
38 section:

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

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"Base assessed value" means the following:

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

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

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

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1 area before July 1, 1995, is expanded after June 30, 1995, the
2 definition in subdivision (1) applies to the expanded part of the
3 area added after June 30, 1995.

4 (6) If an allocation area established in a redevelopment project
5 area before July 1, 1997, is expanded after June 30, 1997, the
6 definition in subdivision (2) applies to the expanded part of the
7 area added after June 30, 1997.

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

21 (b) A declaratory resolution adopted under section 15 of this chapter
22 on or before the allocation deadline determined under subsection (i)
23 may include a provision with respect to the allocation and distribution
24 of property taxes for the purposes and in the manner provided in this
25 section. A declaratory resolution previously adopted may include an
26 allocation provision by the amendment of that declaratory resolution on
27 or before the allocation deadline determined under subsection (i) in
28 accordance with the procedures required for its original adoption. A
29 declaratory resolution or an amendment that establishes an allocation
30 provision after June 30, 1995, must specify an expiration date for the
31 allocation provision. For an allocation area established before July 1,
32 2008, the expiration date may not be more than thirty (30) years after
33 the date on which the allocation provision is established. For an
34 allocation area established after June 30, 2008, the expiration date may
35 not be more than twenty-five (25) years after the date on which the first
36 obligation was incurred to pay principal and interest on bonds or lease
37 rentals on leases payable from tax increment revenues. However, with
38 respect to bonds or other obligations that were issued before July 1,
39 2008, if any of the bonds or other obligations that were scheduled when
40 issued to mature before the specified expiration date and that are
41 payable only from allocated tax proceeds with respect to the allocation
42 area remain outstanding as of the expiration date, the allocation

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1 provision does not expire until all of the bonds or other obligations are
2 no longer outstanding. The allocation provision may apply to all or part
3 of the redevelopment project area. The allocation provision must
4 require that any property taxes subsequently levied by or for the benefit
5 of any public body entitled to a distribution of property taxes on taxable
6 property in the allocation area be allocated and distributed as follows:

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

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

12 (B) the base assessed value;
13 shall be allocated to and, when collected, paid into the funds of
14 the respective taxing units.

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

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

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

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

31 (D) Pay the principal of and interest on bonds issued by the
32 unit to pay for local public improvements that are physically
33 located in or physically connected to that allocation area.

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

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

40 (G) Reimburse the unit for expenditures made by it for local
41 public improvements (which include buildings, parking
42 facilities, and other items described in section 25.1(a) of this

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chapter) that are physically located in or physically connected to that allocation area.

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

(I) For property taxes first due and payable before January 1, 2009, pay all or a part 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:

(i) 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

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) 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 (before its repeal) in the same year.

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

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

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- 1 (i) in the allocation area; and
- 2 (ii) on a parcel of real property that has been classified as
- 3 industrial property under the rules of the department of local
- 4 government finance.

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

12 (L) Pay the costs of carrying out an eligible efficiency project
 13 (as defined in IC 36-9-41-1.5) within the unit that established
 14 the redevelopment commission. However, property tax
 15 proceeds may be used under this clause to pay the costs of
 16 carrying out an eligible efficiency project only if those
 17 property tax proceeds exceed the amount necessary to do the
 18 following:

- 19 (i) Make, when due, any payments required under clauses
- 20 (A) through (K), including any payments of principal and
- 21 interest on bonds and other obligations payable under this
- 22 subdivision, any payments of premiums under this
- 23 subdivision on the redemption before maturity of bonds, and
- 24 any payments on leases payable under this subdivision.
- 25 (ii) Make any reimbursements required under this
- 26 subdivision.
- 27 (iii) Pay any expenses required under this subdivision.
- 28 (iv) Establish, augment, or restore any debt service reserve
- 29 under this subdivision.

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

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

- 34 (A) Determine the amount, if any, by which the assessed value
- 35 of the taxable property in the allocation area for the most
- 36 recent assessment date minus the base assessed value, when
- 37 multiplied by the estimated tax rate of the allocation area, will
- 38 exceed the amount of assessed value needed to produce the
- 39 property taxes necessary to make, when due, principal and
- 40 interest payments on bonds described in subdivision (2) plus
- 41 the amount necessary for other purposes described in
- 42 subdivision (2). **The legislative body of the unit shall review**

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the commission's determination, may modify the determination, and must approve the final determination.

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

- (i) state the amount, if any, of excess assessed value that the ~~commission~~ **legislative body** has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the ~~commission~~ **legislative body** has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the ~~commission~~ **legislative body**. The ~~commission~~ **legislative body** 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

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1 for each political subdivision in which the property is located is the
2 lesser of:

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

6 (g) If any part of the allocation area is located in an enterprise zone
7 created under IC 5-28-15, the unit that designated the allocation area
8 shall create funds as specified in this subsection. A unit that has
9 obligations, bonds, or leases payable from allocated tax proceeds under
10 subsection (b)(2) shall establish an allocation fund for the purposes
11 specified in subsection (b)(2) and a special zone fund. Such a unit
12 shall, until the end of the enterprise zone phase out period, deposit each
13 year in the special zone fund any amount in the allocation fund derived
14 from property tax proceeds in excess of those described in subsection
15 (b)(1) from property located in the enterprise zone that exceeds the
16 amount sufficient for the purposes specified in subsection (b)(2) for the
17 year. The amount sufficient for purposes specified in subsection (b)(2)
18 for the year shall be determined based on the pro rata portion of such
19 current property tax proceeds from the part of the enterprise zone that
20 is within the allocation area as compared to all such current property
21 tax proceeds derived from the allocation area. A unit that has no
22 obligations, bonds, or leases payable from allocated tax proceeds under
23 subsection (b)(2) shall establish a special zone fund and deposit all the
24 property tax proceeds in excess of those described in subsection (b)(1)
25 in the fund derived from property tax proceeds in excess of those
26 described in subsection (b)(1) from property located in the enterprise
27 zone. The unit that creates the special zone fund shall use the fund
28 (based on the recommendations of the urban enterprise association) for
29 programs in job training, job enrichment, and basic skill development
30 that are designed to benefit residents and employers in the enterprise
31 zone or other purposes specified in subsection (b)(2), except that where
32 reference is made in subsection (b)(2) to allocation area it shall refer
33 for purposes of payments from the special zone fund only to that part
34 of the allocation area that is also located in the enterprise zone. Those
35 programs shall reserve at least one-half (1/2) of their enrollment in any
36 session for residents of the enterprise zone.

37 (h) The state board of accounts and department of local government
38 finance shall make the rules and prescribe the forms and procedures
39 that they consider expedient for the implementation of this chapter.
40 After each general reassessment under IC 6-1.1-4, the department of
41 local government finance shall adjust the base assessed value one (1)
42 time to neutralize any effect of the general reassessment on the

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1 property tax proceeds allocated to the redevelopment district under this
 2 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 3 department of local government finance shall adjust the base assessed
 4 value one (1) time to neutralize any effect of the annual adjustment on
 5 the property tax proceeds allocated to the redevelopment district under
 6 this section. However, the adjustments under this subsection may not
 7 include the effect of property tax abatements under IC 6-1.1-12.1, and
 8 these adjustments may not produce less property tax proceeds allocable
 9 to the redevelopment district under subsection (b)(2) than would
 10 otherwise have been received if the general reassessment or annual
 11 adjustment had not occurred. The department of local government
 12 finance may prescribe procedures for county and township officials to
 13 follow to assist the department in making the adjustments.

14 (i) The allocation deadline referred to in subsection (b) is
 15 determined in the following manner:

16 (1) The initial allocation deadline is December 31, 2011.

17 (2) Subject to subdivision (3), the initial allocation deadline and
 18 subsequent allocation deadlines are automatically extended in
 19 increments of five (5) years, so that allocation deadlines
 20 subsequent to the initial allocation deadline fall on December 31,
 21 2016, and December 31 of each fifth year thereafter.

22 (3) At least one (1) year before the date of an allocation deadline
 23 determined under subdivision (2), the general assembly may enact
 24 a law that:

25 (A) terminates the automatic extension of allocation deadlines
 26 under subdivision (2); and

27 (B) specifically designates a particular date as the final
 28 allocation deadline.

29 SECTION 13. IC 36-7-14-43, AS AMENDED BY P.L.146-2008,
 30 SECTION 740, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2011]: Sec. 43. (a) All of the rights, powers,
 32 privileges, and immunities that may be exercised by the commission in
 33 a redevelopment project area or urban renewal area may be exercised
 34 by the commission in an economic development area, subject to the
 35 following:

36 (1) The content and manner of exercise of these rights, powers,
 37 privileges, and immunities shall be determined by the purposes
 38 and nature of an economic development area. **A right, power,
 39 privilege, or immunity that pertains to issuing bonds or
 40 incurring debt may not be exercised by a redevelopment
 41 commission unless it is first specifically authorized by the
 42 legislative body, regardless of any other law.**

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1 (2) Real property (or interests in real property) relative to which
 2 action is taken in an economic development area is not required
 3 to meet the conditions described in IC 36-7-1-3.
 4 (3) The special tax levied in accordance with section 27 of this
 5 chapter may be used to carry out activities under this chapter in
 6 economic development areas.
 7 (4) Bonds may be issued in accordance with section 25.1 of this
 8 chapter to defray expenses of carrying out activities under this
 9 chapter in economic development areas if no other revenue
 10 sources are available for this purpose.
 11 (5) The tax exemptions set forth in section 37 of this chapter are
 12 applicable in economic development areas.
 13 (6) An economic development area may be an allocation area for
 14 the purposes of distribution and allocation of property taxes.
 15 (7) The commission may not use its power of eminent domain
 16 under section 20 of this chapter to carry out activities under this
 17 chapter in an economic development area.
 18 (b) The content and manner of discharge of duties set forth in
 19 section 11 of this chapter shall be determined by the purposes and
 20 nature of an economic development area.
 21 SECTION 14. IC 36-7-14.5-7 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. (a) A _____
 23 Redevelopment Authority (the blank to be filled in with a name
 24 designated by the legislative body of the unit) may be created in the
 25 unit as a separate body corporate and politic and as an instrumentality
 26 of the unit to exercise any power granted to the authority under this
 27 chapter.
 28 (b) An authority may be created by ordinance of the legislative body
 29 of the unit.
 30 (c) **An authority is a public agency for purposes of IC 5-14-1.5**
 31 **and IC 5-14-3 and a municipality for purposes of IC 5-11-1.**
 32 SECTION 15. IC 36-7-14.5-9 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) Immediately after
 34 January 15 of each year, the board shall hold an organizational
 35 meeting. It shall elect one (1) of the members president, another vice
 36 president, and another secretary-treasurer to perform the duties of those
 37 offices. These officers serve from the date of their election and until
 38 their successors are elected and qualified. The board may elect an
 39 assistant secretary-treasurer. **The secretary-treasurer shall report**
 40 **quarterly to the fiscal officer of the unit that established the**
 41 **redevelopment authority.**
 42 (b) Special meetings may be called by the president of the board or

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1 any two (2) members of the board.

2 (c) A majority of the members constitutes a quorum, and the
3 concurrence of a majority of the members is necessary to authorize any
4 action.

5 SECTION 16. IC 36-7-14.5-13 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. (a) Bonds issued
7 under IC 36-7-14 may be refunded as provided in this section.

8 (b) **Subject to the prior approval of the legislative body of the**
9 **unit**, the commission may:

10 (1) lease all or a portion of a local public improvement or
11 improvements to the authority, which may be at a nominal lease
12 rental with a lease back to the commission, conditioned upon the
13 authority assuming bonds issued under IC 36-7-14 and issuing its
14 bonds to refund those bonds; and

15 (2) sell all or a portion of a local public improvement or
16 improvements to the authority for a price sufficient to provide for
17 the refunding of those bonds and lease back the local public
18 improvement or improvements from the authority.

19 SECTION 17. IC 36-7-14.5-14 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 14. (a) Before a lease
21 may be entered into, the commission must:

22 (1) find that the lease rental provided for is fair and reasonable;
23 **and**

24 (2) **obtain the prior approval of the legislative body of the unit**
25 **if the lease pertains to issuing bonds or incurring debt.**

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

28 (1) must comply with IC 36-7-14-25.2 or IC 36-7-30-20;

29 (2) may not require payment of lease rental for a newly
30 constructed local public improvement or for improvements to an
31 existing local public improvement except to the extent that the
32 local public improvement or improvements thereto have been
33 completed and are ready for occupancy or use;

34 (3) may contain provisions:

35 (A) allowing the commission to continue to operate an existing
36 local public improvement until completion of the
37 improvements, reconstruction, or renovation; and

38 (B) requiring payment of lease rentals for an existing local
39 public improvement being used, reconstructed, or renovated;

40 (4) may contain an option to renew the lease for the same or
41 shorter term on the conditions provided in the lease;

42 (5) must contain an option for the commission to purchase the

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- 1 local public improvement upon the terms stated in the lease
- 2 during the term of the lease for a price equal to the amount
- 3 required to pay all indebtedness incurred on account of the local
- 4 public improvement, including indebtedness incurred for the
- 5 refunding of that indebtedness;
- 6 (6) may be entered into before acquisition or construction of a
- 7 local public improvement;
- 8 (7) may provide that the commission shall agree to:
 - 9 (A) pay all taxes and assessments thereon;
 - 10 (B) maintain insurance thereon for the benefit of the authority;
 - 11 and
 - 12 (C) assume responsibility for utilities, repairs, alterations, and
 - 13 any costs of operation; and
- 14 (8) may provide that the lease rental payments by the commission
- 15 shall be made from any one (1) or more of the sources set forth in
- 16 IC 36-7-14-25.2 or IC 36-7-30-20.

17 SECTION 18. IC 36-7-14.5-18 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 18. (a) The commission
 19 may lease for a nominal lease rental, or sell to the authority, one (1) or
 20 more local public improvements or portions thereof or land upon which
 21 a local public improvement is located or is to be constructed.

22 (b) Any lease of all or a portion of a local public improvement by
 23 the commission to the authority must be for a term equal to the term of
 24 the lease of that local public improvement back to the redevelopment
 25 commission.

26 (c) **Subject to the prior approval of the legislative body of the**
 27 **unit**, the commission may sell property to the authority for such
 28 amount as it determines to be in the best interest of the commission,
 29 which amount may be paid from the proceeds of bonds of the authority.

30 SECTION 19. IC 36-7-14.5-19 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 19. (a) **Subject to the**
 32 **prior approval of the legislative body of the unit**, the authority may
 33 issue bonds for the purpose of obtaining money to pay the cost of:

- 34 (1) acquiring property;
- 35 (2) constructing, improving, reconstructing, or renovating one (1)
- 36 or more local public improvements; or
- 37 (3) funding or refunding bonds issued under this chapter or
- 38 IC 36-7-14.

39 (b) The bonds are payable solely from the lease rentals from the
 40 lease of the local public improvement for which the bonds were issued,
 41 insurance proceeds, and any other funds pledged or available.

42 (c) The bonds shall be authorized by a resolution of the board.

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1 (d) The terms and form of the bonds shall either be set out in the
2 resolution or in a form of trust indenture approved by the resolution.

3 (e) The bonds shall mature within fifty (50) years.

4 (f) The board shall sell the bonds at public or private sale upon such
5 terms as determined by the board.

6 (g) All money received from any bonds issued under this chapter
7 shall be applied solely to the payment of the cost of the acquisition or
8 construction, or both, of local public improvements, or the cost of
9 refunding or refinancing outstanding bonds, for which the bonds are
10 issued. The cost may include:

11 (1) planning and development of the local public improvements
12 and all related buildings, facilities, structures, and improvements;

13 (2) acquisition of a site and clearing and preparing the site for
14 construction;

15 (3) equipment, facilities, structures, and improvements that are
16 necessary or desirable to make the local public improvements that
17 are necessary or desirable to make the local public improvements
18 suitable for use and operations;

19 (4) architectural, engineering, consultant, and attorney fees;

20 (5) incidental expenses in connection with the issuance and sale
21 of bonds;

22 (6) reserves for principal and interest;

23 (7) interest during construction and for a period thereafter
24 determined by the board, but in no event to exceed five (5) years;

25 (8) financial advisory fees;

26 (9) insurance during construction;

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

29 (11) in the case of refunding or refinancing, payment of the
30 principal of, redemption premiums, if any, and interest on, the
31 bonds being refunded or refinanced.

32 SECTION 20. IC 36-7-14.5-21 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 21. (a) The authority
34 may secure bonds issued under this chapter by a trust indenture
35 between the authority and a corporate trustee, which may be any trust
36 company or national or state bank within Indiana that has trust powers.

37 (b) **Subject to the prior approval of the legislative body**, the trust
38 indenture may:

39 (1) pledge or assign lease rentals, receipts, and income from
40 leased local public improvements, but may not mortgage land or
41 local public improvements;

42 (2) contain reasonable and proper provisions for protecting and

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- 1 enforcing the rights and remedies of the bondholders, including
- 2 covenants setting forth the duties of the authority and board;
- 3 (3) set forth the rights and remedies of bondholders and trustee;
- 4 and
- 5 (4) restrict the individual right of action of bondholders.

6 (c) Any pledge or assignment made by the authority under this
 7 section **and approved by the legislative body of the unit** is valid and
 8 binding in accordance with IC 5-1-14-4 from the time that the pledge
 9 or assignment is made, against all persons whether they have notice of
 10 the lien or not. Any trust indenture by which a pledge is created or an
 11 assignment need not be filed or recorded. The lien is perfected against
 12 third parties in accordance with IC 5-1-14-4.

13 SECTION 21. IC 36-7-14.5-22 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 22. If the commission
 15 exercises its option to purchase leased property, it may, **subject to the**
 16 **prior approval of the legislative body of the unit**, issue its bonds as
 17 authorized by statute.

18 SECTION 22. IC 36-7-15.1-3.5 IS ADDED TO THE INDIANA
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2011]: **Sec. 3.5. (a) The controller of the**
 21 **consolidated city is the fiscal officer of a commission subject to this**
 22 **chapter.**

23 **(b) The controller may obtain financial services on a contractual**
 24 **basis for the purposes of carrying out the powers and duties of the**
 25 **commission and protecting the public interests related to the**
 26 **operations and funding of the commission. The controller has**
 27 **charge over and is responsible for the administration, investment,**
 28 **and disbursement of all funds and accounts of the authority in**
 29 **accordance with the requirements of state law that apply to other**
 30 **funds and accounts administered by the controller.**

31 SECTION 23. IC 36-7-15.1-12, AS AMENDED BY P.L.185-2005,
 32 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2011]: Sec. 12. (a) If no appeal is taken, or if an appeal is
 34 taken but is unsuccessful, the commission shall proceed with the
 35 proposed project, to the extent that money is available for that purpose.

36 (b) The commission shall first approve and adopt a list of the real
 37 property and interests in real property to be acquired, and the price to
 38 be offered to the owner of each parcel or interests. The prices to be
 39 offered may not exceed the average of two (2) independent appraisals
 40 of fair market value procured by the commission, except that appraisals
 41 are not required in transactions with other governmental agencies.
 42 However, if the real property is less than five (5) acres in size and the

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1 fair market value of the real property or interest has been appraised by
 2 one (1) independent appraiser at less than ten thousand dollars
 3 (\$10,000), the second appraisal may be made by a qualified employee
 4 of the department. The prices indicated on the list may not be exceeded
 5 unless specifically authorized by the commission under section 7 of
 6 this chapter or ordered by a court in condemnation proceedings. The
 7 commission may except from acquisition any real property in the area
 8 if it finds that such an acquisition is not necessary under the
 9 redevelopment plan. Appraisals made under this section are for the
 10 information of the commission and are not open for public inspection.

11 (c) Negotiations for the purchase of property may be carried on
 12 directly by the commission, by its employees, or by expert negotiators
 13 employed for that purpose. The commission shall adopt a standard
 14 form of option for use in negotiations, but no option, contract, or
 15 understanding relative to the purchase of real property is binding on the
 16 commission until approved and accepted by the commission in writing.
 17 The commission may authorize the payment of a nominal fee to bind
 18 an option, and as a part of the consideration for conveyance may agree
 19 to pay the expense incident to the conveyance and determination of the
 20 title of the property. Payment for the property purchased shall be made
 21 when and as directed by the commission, but only on delivery of proper
 22 instruments conveying the title or interest of the owner to "City of
 23 _____ for the use and benefit of its Department of Metropolitan
 24 Development". **Notwithstanding the other provisions of this**
 25 **subsection, any agreement by the commission to make payments**
 26 **for the property purchased over a term exceeding five (5) years is**
 27 **subject to the approval of the legislative body of the unit.**

28 (d) Notwithstanding subsections (a) through (c), the commission
 29 may, before the time referred to in this section, accept gifts of property
 30 needed for the redevelopment of redevelopment project areas. The
 31 commission may, before the time referred to in this section, take
 32 options on or contract for the acquisition of property needed for the
 33 redevelopment of redevelopment project areas if the options and
 34 contracts are not binding on the commission or the redevelopment
 35 district until the time referred to in this section and until money is
 36 available to pay the consideration set out in the options or contracts.

37 (e) Section 15(a) through 15(h) of this chapter does not apply to
 38 exchanges of real property (or interests in real property) in connection
 39 with the acquisition of real property (or interests in real property) under
 40 this section. In acquiring real property (or interests in real property)
 41 under this section the commission may, as an alternative to offering
 42 payment of money as specified in subsection (b), offer for the real

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1 property (or interest in real property) that the commission desires to
2 acquire:

- 3 (1) exchange of real property or interests in real property owned
- 4 by the redevelopment district;
- 5 (2) exchange of real property or interests in real property owned
- 6 by the redevelopment district, along with the payment of money
- 7 by the commission; or
- 8 (3) exchange of real property or interests in real property owned
- 9 by the redevelopment district along with the payment of money by
- 10 the owner of the real property or interests in real property that the
- 11 commission desires to acquire.

12 The commission shall have the fair market value of the real property or
13 interests in real property owned by the redevelopment district appraised
14 as specified in section 15(b) of this chapter. The appraisers may not
15 also appraise the value of the real property or interests in real property
16 to be acquired by the redevelopment district. The commission shall
17 establish the nature of the offer to the owner based on the difference
18 between the average of the two (2) appraisals of the fair market value
19 of the real property or interests in real property to be acquired by the
20 commission and the average of the appraisals of fair market value of
21 the real property or interests in real property to be exchanged by the
22 commission.

23 SECTION 24. IC 36-7-15.1-26, AS AMENDED BY
24 P.L.182-2009(ss), SECTION 406, IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 26. (a) As used in this
26 section:

27 "Allocation area" means that part of a redevelopment project area
28 to which an allocation provision of a resolution adopted under section
29 8 of this chapter refers for purposes of distribution and allocation of
30 property taxes.

31 "Base assessed value" means the following:

- 32 (1) If an allocation provision is adopted after June 30, 1995, in a
- 33 declaratory resolution or an amendment to a declaratory
- 34 resolution establishing an economic development area:
 - 35 (A) the net assessed value of all the property as finally
 - 36 determined for the assessment date immediately preceding the
 - 37 effective date of the allocation provision of the declaratory
 - 38 resolution, as adjusted under subsection (h); plus
 - 39 (B) to the extent that it is not included in clause (A), the net
 - 40 assessed value of property that is assessed as residential
 - 41 property under the rules of the department of local government
 - 42 finance, as finally determined for any assessment date after the

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- 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 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 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 part of the area added after June 30, 1995.
- (6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment

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

9 (b) A resolution adopted under section 8 of this chapter on or before
 10 the allocation deadline determined under subsection (i) may include a
 11 provision with respect to the allocation and distribution of property
 12 taxes for the purposes and in the manner provided in this section. A
 13 resolution previously adopted may include an allocation provision by
 14 the amendment of that resolution on or before the allocation deadline
 15 determined under subsection (i) in accordance with the procedures
 16 required for its original adoption. A declaratory resolution or an
 17 amendment that establishes an allocation provision after June 30, 1995,
 18 must specify an expiration date for the allocation provision. For an
 19 allocation area established before July 1, 2008, the expiration date may
 20 not be more than thirty (30) years after the date on which the allocation
 21 provision is established. For an allocation area established after June
 22 30, 2008, the expiration date may not be more than twenty-five (25)
 23 years after the date on which the first obligation was incurred to pay
 24 principal and interest on bonds or lease rentals on leases payable from
 25 tax increment revenues. However, with respect to bonds or other
 26 obligations that were issued before July 1, 2008, if any of the bonds or
 27 other obligations that were scheduled when issued to mature before the
 28 specified expiration date and that are payable only from allocated tax
 29 proceeds with respect to the allocation area remain outstanding as of
 30 the expiration date, the allocation provision does not expire until all of
 31 the bonds or other obligations are no longer outstanding. The allocation
 32 provision may apply to all or part of the redevelopment project area.
 33 The allocation provision must require that any property taxes
 34 subsequently levied by or for the benefit of any public body entitled to
 35 a distribution of property taxes on taxable property in the allocation
 36 area be allocated and distributed as follows:

- 37 (1) Except as otherwise provided in this section, the proceeds of
- 38 the taxes attributable to the lesser of:
- 39 (A) the assessed value of the property for the assessment date
- 40 with respect to which the allocation and distribution is made;
- 41 or
- 42 (B) the base assessed value;

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1 shall be allocated to and, when collected, paid into the funds of
 2 the respective taxing units.
 3 (2) Except as otherwise provided in this section, property tax
 4 proceeds in excess of those described in subdivision (1) shall be
 5 allocated to the redevelopment district and, when collected, paid
 6 into a special fund for that allocation area that may be used by the
 7 redevelopment district only to do one (1) or more of the
 8 following:
 9 (A) Pay the principal of and interest on any obligations
 10 payable solely from allocated tax proceeds that are incurred by
 11 the redevelopment district for the purpose of financing or
 12 refinancing the redevelopment of that allocation area.
 13 (B) Establish, augment, or restore the debt service reserve for
 14 bonds payable solely or in part from allocated tax proceeds in
 15 that allocation area.
 16 (C) Pay the principal of and interest on bonds payable from
 17 allocated tax proceeds in that allocation area and from the
 18 special tax levied under section 19 of this chapter.
 19 (D) Pay the principal of and interest on bonds issued by the
 20 consolidated city to pay for local public improvements that are
 21 physically located in or physically connected to that allocation
 22 area.
 23 (E) Pay premiums on the redemption before maturity of bonds
 24 payable solely or in part from allocated tax proceeds in that
 25 allocation area.
 26 (F) Make payments on leases payable from allocated tax
 27 proceeds in that allocation area under section 17.1 of this
 28 chapter.
 29 (G) Reimburse the consolidated city for expenditures for local
 30 public improvements (which include buildings, parking
 31 facilities, and other items set forth in section 17 of this
 32 chapter) that are physically located in or physically connected
 33 to that allocation area.
 34 (H) Reimburse the unit for rentals paid by it for a building or
 35 parking facility that is physically located in or physically
 36 connected to that allocation area under any lease entered into
 37 under IC 36-1-10.
 38 (I) Reimburse public and private entities for expenses incurred
 39 in training employees of industrial facilities that are located:
 40 (i) in the allocation area; and
 41 (ii) on a parcel of real property that has been classified as
 42 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 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.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

- (i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.
- (ii) Make any reimbursements required under this subdivision.
- (iii) Pay any expenses required under this subdivision.
- (iv) Establish, augment, or restore any debt service reserve under this subdivision.

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 assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation 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). **The legislative body of the unit shall review the commission's determination, may modify the determination, and must approve the final determination.**

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1 (B) Provide a written notice to the county auditor, the
 2 legislative body of the consolidated city, and the officers who
 3 are authorized to fix budgets, tax rates, and tax levies under
 4 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 5 or partly located within the allocation area. The notice must:
 6 (i) state the amount, if any, of excess assessed value that the
 7 ~~commission~~ **legislative body** has determined may be
 8 allocated to the respective taxing units in the manner
 9 prescribed in subdivision (1); or
 10 (ii) state that the ~~commission~~ **legislative body** has
 11 determined that there is no excess assessed value that may
 12 be allocated to the respective taxing units in the manner
 13 prescribed in subdivision (1).
 14 The county auditor shall allocate to the respective taxing units
 15 the amount, if any, of excess assessed value determined by the
 16 ~~commission~~ **legislative body**. The ~~commission~~ **legislative**
 17 **body** may not authorize an allocation to the respective taxing
 18 units under this subdivision if to do so would endanger the
 19 interests of the holders of bonds described in subdivision (2).
 20 (c) For the purpose of allocating taxes levied by or for any taxing
 21 unit or units, the assessed value of taxable property in a territory in the
 22 allocation area that is annexed by any taxing unit after the effective
 23 date of the allocation provision of the resolution is the lesser of:
 24 (1) the assessed value of the property for the assessment date with
 25 respect to which the allocation and distribution is made; or
 26 (2) the base assessed value.
 27 (d) Property tax proceeds allocable to the redevelopment district
 28 under subsection (b)(2) may, subject to subsection (b)(3), be
 29 irrevocably pledged by the redevelopment district for payment as set
 30 forth in subsection (b)(2).
 31 (e) Notwithstanding any other law, each assessor shall, upon
 32 petition of the commission, reassess the taxable property situated upon
 33 or in, or added to, the allocation area, effective on the next assessment
 34 date after the petition.
 35 (f) Notwithstanding any other law, the assessed value of all taxable
 36 property in the allocation area, for purposes of tax limitation, property
 37 tax replacement, and formulation of the budget, tax rate, and tax levy
 38 for each political subdivision in which the property is located is the
 39 lesser of:
 40 (1) the assessed value of the property as valued without regard to
 41 this section; or
 42 (2) the base assessed value.

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1 (g) If any part of the allocation area is located in an enterprise zone
 2 created under IC 5-28-15, the unit that designated the allocation area
 3 shall create funds as specified in this subsection. A unit that has
 4 obligations, bonds, or leases payable from allocated tax proceeds under
 5 subsection (b)(2) shall establish an allocation fund for the purposes
 6 specified in subsection (b)(2) and a special zone fund. Such a unit
 7 shall, until the end of the enterprise zone phase out period, deposit each
 8 year in the special zone fund the amount in the allocation fund derived
 9 from property tax proceeds in excess of those described in subsection
 10 (b)(1) from property located in the enterprise zone that exceeds the
 11 amount sufficient for the purposes specified in subsection (b)(2) for the
 12 year. A unit that has no obligations, bonds, or leases payable from
 13 allocated tax proceeds under subsection (b)(2) shall establish a special
 14 zone fund and deposit all the property tax proceeds in excess of those
 15 described in subsection (b)(1) in the fund derived from property tax
 16 proceeds in excess of those described in subsection (b)(1) from
 17 property located in the enterprise zone. The unit that creates the special
 18 zone fund shall use the fund, based on the recommendations of the
 19 urban enterprise association, for one (1) or more of the following
 20 purposes:

21 (1) To pay for programs in job training, job enrichment, and basic
 22 skill development designed to benefit residents and employers in
 23 the enterprise zone. The programs must reserve at least one-half
 24 (1/2) of the enrollment in any session for residents of the
 25 enterprise zone.

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

30 (A) Businesses operating in the enterprise zone.

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

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

38 (h) The state board of accounts and department of local government
 39 finance shall make the rules and prescribe the forms and procedures
 40 that they consider expedient for the implementation of this chapter.
 41 After each general reassessment under IC 6-1.1-4, the department of
 42 local government finance shall adjust the base assessed value one (1)

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1 time to neutralize any effect of the general reassessment on the
 2 property tax proceeds allocated to the redevelopment district under this
 3 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 4 department of local government finance shall adjust the base assessed
 5 value to neutralize any effect of the annual adjustment on the property
 6 tax proceeds allocated to the redevelopment district under this section.
 7 However, the adjustments under this subsection may not include the
 8 effect of property tax abatements under IC 6-1.1-12.1, and these
 9 adjustments may not produce less property tax proceeds allocable to
 10 the redevelopment district under subsection (b)(2) than would
 11 otherwise have been received if the general reassessment or annual
 12 adjustment had not occurred. The department of local government
 13 finance may prescribe procedures for county and township officials to
 14 follow to assist the department in making the adjustments.

15 (i) The allocation deadline referred to in subsection (b) is
 16 determined in the following manner:

- 17 (1) The initial allocation deadline is December 31, 2011.
- 18 (2) Subject to subdivision (3), the initial allocation deadline and
 19 subsequent allocation deadlines are automatically extended in
 20 increments of five (5) years, so that allocation deadlines
 21 subsequent to the initial allocation deadline fall on December 31,
 22 2016, and December 31 of each fifth year thereafter.
- 23 (3) At least one (1) year before the date of an allocation deadline
 24 determined under subdivision (2), the general assembly may enact
 25 a law that:
 - 26 (A) terminates the automatic extension of allocation deadlines
 27 under subdivision (2); and
 - 28 (B) specifically designates a particular date as the final
 29 allocation deadline.

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Report of the President
Pro Tempore

Madam President: Pursuant to Senate Rule 68(b), I hereby report that Senate Bill 550, currently assigned to the Committee on Local Government, be reassigned to the Committee on Appropriations.

LONG

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 550, 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 1, delete lines 1 through 11.

Page 2, line 13, delete "acquired, as approved by the" and insert "acquired."

Page 2, delete line 14.

Page 3, delete lines 2 through 42, begin a new paragraph and insert:

"SECTION 4. IC 36-7-14-8, AS AMENDED BY P.L.190-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. (a) The redevelopment commissioners shall hold a meeting for the purpose of organization not later than thirty (30) days after they are appointed and, after that, each year on the first day in January that is not a Saturday, a Sunday, or a legal holiday. They shall choose one (1) of their members as president, another as vice president, and another as secretary. These officers shall perform the duties usually pertaining to their offices and shall serve from the date of their election until their successors are elected and qualified.

(b) The redevelopment commission may appoint a treasurer who need not be a member of the redevelopment commission. The redevelopment commission may provide for the payment of compensation to a treasurer who is not a member of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of this chapter. However, the treasurer may not perform any duties of the fiscal officer or any other officer of the unit that are prescribed by section 24 of this chapter or by any provisions of this chapter that pertain to the issuance and sale of bonds, notes, or warrants of the

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special taxing district. **The treasurer shall report quarterly to the fiscal officer of the unit.**

(c) The redevelopment commissioners may adopt the rules and bylaws they consider necessary for the proper conduct of their proceedings, the carrying out of their duties, and the safeguarding of the money and property placed in their custody by this chapter. In addition to the annual meeting, the commissioners may, by resolution or in accordance with their rules and bylaws, prescribe the date and manner of notice of other regular or special meetings.

(d) This subsection does not apply to a county redevelopment commission that consists of seven (7) members. Three (3) of the redevelopment commissioners constitute a quorum, and the concurrence of three (3) commissioners is necessary to authorize any action.

(e) This subsection applies only to a county redevelopment commission that consists of seven (7) members. Four (4) of the redevelopment commissioners constitute a quorum, and the concurrence of four (4) commissioners is necessary to authorize any action."

Page 4, delete lines 1 through 6.

Page 7, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 7. IC 36-7-14-19, AS AMENDED BY P.L.185-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: 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 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

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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". **Notwithstanding the other provisions of this subsection, any agreement by the commission to make payments for the property purchased over a term exceeding five (5) years is subject to the approval of the legislative body of the unit.**

(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 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 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 set out in the options or contracts."

Page 10, line 24, delete ":".

Page 10, delete lines 25 through 26.

Page 10, line 27, delete "of the".

Page 10, run in lines 24 through 27.

Page 11, line 19, after "chapter" insert "**or other revenues of the redevelopment commission**".

Page 11, line 21, reset in roman "five (5)"

Page 11, line 21, delete "two (2)".

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Page 20, delete lines 12 through 21, begin a new line block indented and insert:

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

Page 23, line 1, after "(2)." insert "**The legislative body of the unit shall review the commission's determination, may modify the determination, and must approve the final determination.**".

Page 23, line 9, strike "commission" and insert "**legislative body**".

Page 23, line 12, strike "commission" and insert "**legislative body**".

Page 23, line 17, before "The" strike "commission." and insert "**legislative body.**".

Page 23, line 17, after "The" strike "commission" and insert "**legislative body**".

Page 30, after line 37, begin a new paragraph and insert:

"SECTION 23. IC 36-7-15.1-12, AS AMENDED BY P.L.185-2005, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: 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) Negotiations for the purchase of property may be carried on directly by the commission, by its employees, or by expert negotiators

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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". **Notwithstanding the other provisions of this subsection, any agreement by the commission to make payments for the property purchased over a term exceeding five (5) years is subject to the approval of the legislative body of the unit.**

(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 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 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

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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 24. IC 36-7-15.1-26, AS AMENDED BY P.L.182-2009(ss), SECTION 406, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a 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

(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 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

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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 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 part of the area added after June 30, 1995.

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

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

(b) A resolution adopted under section 8 of this chapter on or before the allocation deadline determined under subsection (i) 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

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resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) 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. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the first obligation was incurred to pay principal and interest on bonds or lease rentals on leases payable from tax increment revenues. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the 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 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 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.

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(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 that are physically located in or physically connected to 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) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to 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 (3) years after the date on which the investments that are the basis for the increment financing are made.

(J) Pay the costs of carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the unit that established the redevelopment commission. However, property tax proceeds may be used under this clause to pay the costs of

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carrying out an eligible efficiency project only if those property tax proceeds exceed the amount necessary to do the following:

- (i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.
- (ii) Make any reimbursements required under this subdivision.
- (iii) Pay any expenses required under this subdivision.
- (iv) Establish, augment, or restore any debt service reserve under this subdivision.

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 assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation 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). **The legislative body of the unit shall review the commission's determination, may modify the determination, and must approve the final determination.**

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

- (i) state the amount, if any, of excess assessed value that the ~~commission~~ **legislative body** has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the ~~commission~~ **legislative body** has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner

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prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the ~~commission~~ **legislative body**. The ~~commission~~ **legislative body** may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

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

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

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

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

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

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

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, 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

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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 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. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments 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 or annual adjustment had not occurred. The department of local government

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

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

- (1) The initial allocation deadline is December 31, 2011.
- (2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.
- (3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:
 - (A) terminates the automatic extension of allocation deadlines under subdivision (2); and
 - (B) specifically designates a particular date as the final allocation deadline."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 550 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 9, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 550 be amended to read as follows:

Page 2, line 7, after "unit." insert "**However, if the obligation pertains to the purchase of property, the approval by the legislative body of the unit is required only if there is an agreement by the commission to:**

- (1) make payments for the property to be purchased over a term exceeding three (3) years; or**
- (2) pay a purchase price for the property that exceeds five million dollars (\$5,000,000)."**

Page 8, line 5, delete "to make" and insert "to:".

Page 8, delete line 6, begin a new line block indented and insert:

"(1) make payments for the property to be purchased over a term exceeding three (3) years; or



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(2) pay a purchase price for the property that exceeds five million dollars (\$5,000,000);".

Page 8, line 7, delete "(5) years".

Page 8, line 7, beginning with "is" begin a new line blocked left.

Page 27, line 27, reset in roman "secretary-treasurer."

Page 27, line 27, before "to" delete "secretary."

Page 27, line 30, reset in roman "secretary-treasurer."

Page 27, line 30, delete "secretary. The fiscal officer" and insert **"The secretary-treasurer shall report quarterly to the fiscal officer of the unit that established the redevelopment authority."**

Page 27, delete line 31 through 41.

(Reference is to SB 550 as printed February 14, 2011.)

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