
SENATE BILL No. 25

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7.

Synopsis: Redevelopment commissions and authorities. Provides that a redevelopment commission may not enter into any obligation payable from public funds without first obtaining the approval of the legislative or fiscal body of the unit. Provides an exception if the obligation is for the acquisition of real property and the payments are for three years or less or the purchase price is less than \$5,000,000. Specifies that the approving ordinance or resolution must include certain items. Provides that a redevelopment commission and a department of redevelopment are subject to oversight by the legislative body of the unit, including review by the legislative body of annual budgets. Specifies that a redevelopment commission and a department of redevelopment are subject to the same laws, rules, and ordinances of a general nature that apply to all other commissions or departments of the unit. Specifies that a redevelopment commission, a department of redevelopment, and a redevelopment authority are subject to audit by the state board of accounts and covered by the public meeting and public records laws. Requires a redevelopment commission to provide to the legislative body of the unit at a public meeting all the information supporting the action the redevelopment commission proposes to take regarding the sale, transfer, or other disposition of property. Provides that if the amount of excess assessed value determined by the commission is expected to generate more than 200% of the amount of allocated tax proceeds necessary to carry out the commission's plan, the determination of the amount of the excess available to other taxing units must be approved by the legislative body of the unit. Permits the legislative body of the unit to modify the commission's determination
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Effective: July 1, 2012.

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January 4, 2012, read first time and referred to Committee on Local Government.



Digest Continued

with respect to the amount of excess assessed value. 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.

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Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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SENATE BILL No. 25

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 36-7-14-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2012]: **Sec. 0.5. (a) The definitions in this section apply**
4 **throughout this chapter.**

5 (b) "**Obligation**" means any bond, note, warrant, lease, or other
6 **instrument under which money is borrowed.**

7 (c) "**Public funds**" means all fees, payments, tax receipts, and
8 **funds of whatever kind or character coming into the possession of**
9 **the:**

- 10 (1) **redevelopment commission; or**
- 11 (2) **department of redevelopment.**

12 SECTION 2. IC 36-7-14-2.5, AS AMENDED BY P.L.221-2007,
13 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2012]: **Sec. 2.5. (a) The assessment, planning, replanning,**
15 **remediation, development, and redevelopment of economic**



- 1 development areas:
- 2 (1) are public and governmental functions that cannot be
- 3 accomplished through the ordinary operations of private
- 4 enterprise because of:
- 5 (A) the necessity for requiring the proper use of the land so as
- 6 to best serve the interests of the county and its citizens; and
- 7 (B) the costs of these projects;
- 8 (2) will:
- 9 (A) benefit the public health, safety, morals, and welfare;
- 10 (B) increase the economic well-being of the unit and the state;
- 11 and
- 12 (C) serve to protect and increase property values in the unit
- 13 and the state; and
- 14 (3) are public uses and purposes for which public money may be
- 15 spent and private property may be acquired.
- 16 (b) This section and sections 41 and 43 of this chapter shall be
- 17 liberally construed to carry out the purposes of this section.
- 18 **(c) Except as provided in subsection (d), a redevelopment**
- 19 **commission may not enter into any obligation payable from public**
- 20 **funds without first obtaining the approval, by ordinance or**
- 21 **resolution, of the legislative body of the unit.**
- 22 **(d) A redevelopment commission is not required to obtain the**
- 23 **approval of the legislative body of the unit under this section if:**
- 24 **(1) the obligation is for the acquisition of real property under**
- 25 **this chapter; and**
- 26 **(2) the agreement to acquire the real property requires the**
- 27 **redevelopment commission to:**
- 28 **(A) make payments for the real property to be acquired for**
- 29 **a term of three (3) years or less; or**
- 30 **(B) purchase the real property for a cost of less than five**
- 31 **million dollars (\$5,000,000).**
- 32 **A redevelopment commission may not enter into an obligation**
- 33 **payable from public funds, other than an obligation described in**
- 34 **this subsection, unless the redevelopment commission first obtains**
- 35 **the approval of the legislative body of the unit as provided in**
- 36 **subsection (c).**
- 37 **(e) The approving ordinance or resolution of a legislative body**
- 38 **must include the following:**
- 39 **(1) The maximum amount of the obligation.**
- 40 **(2) The maximum interest rate or rates, any provisions for**
- 41 **redemption before maturity, and any provisions for the**
- 42 **payment of capitalized interest associated with the obligation.**

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(3) The maximum term of the obligation.
SECTION 3. IC 36-7-14-3, AS AMENDED BY P.L.190-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: 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 oversight by the legislative body of the unit, including a review by the legislative body of each annual budget. A redevelopment commission and a department of redevelopment are:

- (1) subject to audit by the state board of accounts under IC 5-11;**
- (2) covered by IC 5-14-1.5 (the public meetings law); and**
- (3) covered by IC 5-14-3 (the public records law).**

~~(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 4. IC 36-7-14-8, AS AMENDED BY P.L.190-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: 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

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1 commission. Notwithstanding any other provision of this chapter, the
 2 treasurer has charge over and is responsible for the administration,
 3 investment, and disbursement of all funds and accounts of the
 4 redevelopment commission in accordance with the requirements of this
 5 chapter. However, the treasurer may not perform any duties of the
 6 fiscal officer or any other officer of the unit that are prescribed by
 7 section 24 of this chapter or by any provisions of this chapter that
 8 pertain to the issuance and sale of bonds, notes, or warrants of the
 9 special taxing district. **The treasurer shall report quarterly to the**
 10 **fiscal officer of the unit.**

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

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

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

28 SECTION 5. IC 36-7-14-12.2, AS AMENDED BY P.L.221-2007,
 29 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2012]: Sec. 12.2. (a) The redevelopment commission may do
 31 the following:

32 (1) Acquire by purchase, exchange, gift, grant, condemnation, or
 33 lease, or any combination of methods, any personal property or
 34 interest in real property needed for the redevelopment of areas
 35 needing redevelopment that are located within the corporate
 36 boundaries of the unit.

37 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
 38 other instrument), exchange, lease, rent, or otherwise dispose of
 39 property acquired for use in the redevelopment of areas needing
 40 redevelopment on the terms and conditions that the commission
 41 considers best for the unit and its inhabitants.

42 (3) Sell, lease, or grant interests in all or part of the real property

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- 1 acquired for redevelopment purposes to any other department of
 2 the unit or to any other governmental agency for public ways,
 3 levees, sewerage, parks, playgrounds, schools, and other public
 4 purposes on any terms that may be agreed on.
 5 (4) Clear real property acquired for redevelopment purposes.
 6 (5) Enter on or into, inspect, investigate, and assess real property
 7 and structures acquired or to be acquired for redevelopment
 8 purposes to determine the existence, source, nature, and extent of
 9 any environmental contamination, including the following:
 10 (A) Hazardous substances.
 11 (B) Petroleum.
 12 (C) Other pollutants.
 13 (6) Remediate environmental contamination, including the
 14 following, found on any real property or structures acquired for
 15 redevelopment purposes:
 16 (A) Hazardous substances.
 17 (B) Petroleum.
 18 (C) Other pollutants.
 19 (7) Repair and maintain structures acquired for redevelopment
 20 purposes.
 21 (8) Remodel, rebuild, enlarge, or make major structural
 22 improvements on structures acquired for redevelopment purposes.
 23 (9) Survey or examine any land to determine whether it should be
 24 included within an area needing redevelopment to be acquired for
 25 redevelopment purposes and to determine the value of that land.
 26 (10) Appear before any other department or agency of the unit, or
 27 before any other governmental agency in respect to any matter
 28 affecting:
 29 (A) real property acquired or being acquired for
 30 redevelopment purposes; or
 31 (B) any area needing redevelopment within the jurisdiction of
 32 the commissioners.
 33 (11) Institute or defend in the name of the unit any civil action.
 34 (12) Use any legal or equitable remedy that is necessary or
 35 considered proper to protect and enforce the rights of and perform
 36 the duties of the department of redevelopment.
 37 (13) Exercise the power of eminent domain in the name of and
 38 within the corporate boundaries of the unit in the manner
 39 prescribed by section 20 of this chapter.
 40 (14) Appoint an executive director, appraisers, real estate experts,
 41 engineers, architects, surveyors, and attorneys.
 42 (15) Appoint clerks, guards, laborers, and other employees the

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- 1 commission considers advisable, except that those appointments
 2 must be made in accordance with the merit system of the unit if
 3 such a system exists.
- 4 (16) Prescribe the duties and regulate the compensation of
 5 employees of the department of redevelopment.
- 6 (17) Provide a pension and retirement system for employees of
 7 the department of redevelopment by using the Indiana public
 8 employees' retirement fund or a retirement plan approved by the
 9 United States Department of Housing and Urban Development.
- 10 (18) Discharge and appoint successors to employees of the
 11 department of redevelopment subject to subdivision (15).
- 12 (19) Rent offices for use of the department of redevelopment, or
 13 accept the use of offices furnished by the unit.
- 14 (20) Equip the offices of the department of redevelopment with
 15 the necessary furniture, furnishings, equipment, records, and
 16 supplies.
- 17 (21) Expend, on behalf of the special taxing district, all or any
 18 part of the money of the special taxing district.
- 19 (22) Contract for the construction of:
- 20 (A) local public improvements (as defined in IC 36-7-14.5-6)
 21 or structures that are necessary for redevelopment of areas
 22 needing redevelopment or economic development within the
 23 corporate boundaries of the unit; or
- 24 (B) any structure that enhances development or economic
 25 development.
- 26 (23) Contract for the construction, extension, or improvement of
 27 pedestrian skyways.
- 28 (24) Accept loans, grants, and other forms of financial assistance
 29 from the federal government, the state government, a municipal
 30 corporation, a special taxing district, a foundation, or any other
 31 source.
- 32 (25) Provide financial assistance (including grants and loans) to
 33 enable individuals and families to purchase or lease residential
 34 units within the district. However, financial assistance may be
 35 provided only to individuals and families whose income is at or
 36 below the unit's median income for individuals and families,
 37 respectively.
- 38 (26) Provide financial assistance (including grants and loans) to
 39 neighborhood development corporations to permit them to:
- 40 (A) provide financial assistance for the purposes described in
 41 subdivision (25); or
- 42 (B) construct, rehabilitate, or repair commercial property

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- 1 within the district.
- 2 (27) Require as a condition of financial assistance to the owner of
- 3 a multiple unit residential structure that any of the units leased by
- 4 the owner must be leased:
- 5 (A) for a period to be determined by the commission, which
- 6 may not be less than five (5) years;
- 7 (B) to families whose income does not exceed eighty percent
- 8 (80%) of the unit's median income for families; and
- 9 (C) at an affordable rate.
- 10 (b) Conditions imposed by the commission under subsection (a)(27)
- 11 remain in force throughout the period determined under subsection
- 12 (a)(27)(A), even if the owner sells, leases, or conveys the property. The
- 13 subsequent owner or lessee is bound by the conditions for the
- 14 remainder of the period.
- 15 (c) As used in this section, "pedestrian skyway" means a pedestrian
- 16 walkway within or outside of the public right-of-way and through and
- 17 above public or private property and buildings, including all structural
- 18 supports required to connect skyways to buildings or buildings under
- 19 construction. Pedestrian skyways constructed, extended, or improved
- 20 over or through public or private property constitute public property
- 21 and public improvements, constitute a public use and purpose, and do
- 22 not require vacation of any public way or other property.
- 23 (d) All powers that may be exercised under this chapter by the
- 24 redevelopment commission may also be exercised by the
- 25 redevelopment commission in carrying out its duties and purposes
- 26 under IC 36-7-14.5. **However, if a power pertains to issuing bonds**
- 27 **or incurring an obligation, the exercise of the power must first be**
- 28 **specifically approved by the fiscal or legislative body of the unit,**
- 29 **whichever applies.**
- 30 SECTION 6. IC 36-7-14-13 IS AMENDED TO READ AS
- 31 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 13. (a) Within thirty
- 32 (30) days after the close of each calendar year, the redevelopment
- 33 commissioners shall file with the unit's executive a report setting out
- 34 their activities during the preceding calendar year.
- 35 (b) The report of the commissioners of a municipal redevelopment
- 36 commission must show the names of the then qualified and acting
- 37 commissioners, the names of the officers of that body, the number of
- 38 regular employees and their fixed salaries or compensation, the amount
- 39 of the expenditures made during the preceding year and their general
- 40 purpose, the amount of funds on hand at the close of the calendar year,
- 41 and other information necessary to disclose the activities of the
- 42 commissioners and the results obtained.

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

5 (d) **A redevelopment commission and a department of**
6 **redevelopment are subject to the same laws, rules, and ordinances**
7 **of a general nature that apply to all other commissions or**
8 **departments of the unit.**

9 SECTION 7. IC 36-7-14-19, AS AMENDED BY P.L.185-2005,
10 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2012]: Sec. 19. (a) If no appeal is taken or if an appeal is
12 taken but is unsuccessful, the redevelopment commission shall proceed
13 with the proposed project to the extent that money is available for that
14 purpose.

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

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

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1 (Town or County) of _____ for the use and benefit of its
2 department of redevelopment". **Notwithstanding the other provisions**
3 **of this subsection, any agreement by the commission to:**

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

8 **is subject to the prior approval of the legislative body of the unit.**

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

13 (e) Notwithstanding subsections (a) through (d), the redevelopment
14 commission may, before the time referred to in this section, accept gifts
15 of property needed for the redevelopment of redevelopment project
16 areas if the property is free and clear of all liens other than taxes,
17 assessments, and other governmental charges. The commission may,
18 before the time referred to in this section, take options on or contract
19 for the acquisition of property needed for the redevelopment of
20 redevelopment project areas if the options and contracts are not binding
21 on the commission or the district until the time referred to in this
22 section and until money is available to pay the consideration set out in
23 the options or contracts.

24 SECTION 8. IC 36-7-14-22.5, AS ADDED BY P.L.169-2006,
25 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2012]: Sec. 22.5. (a) This section applies to the following:

- 27 (1) Real property:
 - 28 (A) that was acquired by the commission to carry out a
 - 29 redevelopment project, an economic development area project,
 - 30 or an urban renewal project; and
 - 31 (B) relative to which the commission has, at a public hearing,
 - 32 decided that the real property is not needed to complete the
 - 33 redevelopment activity, an economic development activity, or
 - 34 urban renewal activity in the project area.
- 35 (2) Real property acquired under this chapter that is not in a
- 36 redevelopment project area, economic development area, or an
- 37 urban renewal project area.
- 38 (3) Parcels of property secured from the county under
- 39 IC 6-1.1-25-9(e) that were acquired by the county under
- 40 IC 6-1.1-24 and IC 6-1.1-25.
- 41 (4) Real property donated or transferred to the commission to be
- 42 held and disposed of under this section.

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1 However, this section does not apply to property acquired under section
2 32.5 of this chapter.

3 (b) The commission may do the following to or for real property
4 described in subsection (a):

5 (1) Examine, classify, manage, protect, insure, and maintain the
6 property.

7 (2) Eliminate deficiencies (including environmental deficiencies),
8 carry out repairs, remove structures, and make improvements.

9 (3) Control the use of the property.

10 (4) Lease the property.

11 (5) Use any powers under section 12.2 of this chapter in relation
12 to the property.

13 (c) The commission may enter into contracts to carry out part or all
14 of the functions described in subsection (b).

15 (d) The commission may extinguish all delinquent taxes, special
16 assessments, and penalties relative to real property donated to the
17 commission to be held and disposed of under this section. The
18 commission shall provide the county auditor with a list of the real
19 property on which delinquent taxes, special assessments, and penalties
20 are extinguished under this subsection.

21 (e) **Subject to the prior approval by the legislative body of the**
22 **unit**, real property described in subsection (a) may be sold, exchanged,
23 transferred, granted, donated, or otherwise disposed of in any of the
24 following ways:

25 (1) In accordance with section 22, 22.2, 22.6, or 22.7 of this
26 chapter.

27 (2) In accordance with the provisions authorizing an urban
28 homesteading program under IC 36-7-17.

29 **The commission shall provide to the legislative body at a public**
30 **meeting all the information supporting the action the commission**
31 **proposes to take under this subsection, including any terms and**
32 **conditions to which the commission would have to agree to carry**
33 **out the action.**

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

36 (1) group together properties for disposition in a manner that will
37 best serve the interest of the community, from the standpoint of
38 both human and economic welfare; and

39 (2) group together nearby or similar properties to facilitate
40 convenient disposition.

41 SECTION 9. IC 36-7-14-25.1, AS AMENDED BY P.L.203-2011,
42 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2012]: Sec. 25.1. (a) In addition to other methods of raising
 2 money for property acquisition or redevelopment in a redevelopment
 3 project area, and in anticipation of the special tax to be levied under
 4 section 27 of this chapter, the taxes allocated under section 39 of this
 5 chapter, or other revenues of the district, or any combination of these
 6 sources, the redevelopment commission may, by **bond** resolution and
 7 subject to ~~subsection~~ **subsections (c) and (p)**, issue the bonds of the
 8 special taxing district in the name of the unit. The amount of the bonds
 9 may not exceed the total, as estimated by the commission, of all
 10 expenses reasonably incurred in connection with the acquisition and
 11 redevelopment of the property, including:

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

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

28 (c) **The legislative body of the unit must adopt a resolution that**
 29 **includes the public purpose of the bond, the use of the bond**
 30 **proceeds, the maximum principal amount of the bond, the term of**
 31 **the bond, and the maximum interest rate or rates of the bond, any**
 32 **provision for redemption before maturity, and any provision for**
 33 **the payment of capitalized interest.** The bonds must be dated as set
 34 forth in the bond resolution and negotiable, subject to the requirements
 35 of the bond resolution for registering the bonds. The resolution
 36 authorizing the bonds must state:

- 37 (1) the denominations of the bonds;
- 38 (2) the place or places at which the bonds are payable; and
- 39 (3) the term of the bonds, which may not exceed:
 - 40 (A) fifty (50) years, for bonds issued before July 1, 2008;
 - 41 (B) thirty (30) years, for bonds issued after June 30, 2008, to
 - 42 finance:

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- 1 (i) an integrated coal gasification powerplant (as defined in
- 2 IC 6-3.1-29-6);
- 3 (ii) a part of an integrated coal gasification powerplant (as
- 4 defined in IC 6-3.1-29-6); or
- 5 (iii) property used in the operation or maintenance of an
- 6 integrated coal gasification powerplant (as defined in
- 7 IC 6-3.1-29-6);
- 8 that received a certificate of public convenience and necessity
- 9 from the Indiana utility regulatory commission under
- 10 IC 8-1-8.5 et seq. before July 1, 2008; or
- 11 (C) twenty-five (25) years, for bonds issued after June 30,
- 12 2008, that are not described in clause (B).

13 The **bond** resolution may also state that the bonds are redeemable
 14 before maturity with or without a premium, as determined by the
 15 redevelopment commission.

16 (d) The redevelopment commission shall certify a copy of the
 17 resolution authorizing the bonds to the municipal or county fiscal
 18 officer, who shall then prepare the bonds, subject to ~~subsection~~
 19 **subsections (c) and (p)**. The seal of the unit must be impressed on the
 20 bonds, or a facsimile of the seal must be printed on the bonds.

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

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

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

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

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

- 40 (1) from a special tax levied upon all of the property in the taxing
- 41 district, as provided by section 27 of this chapter;
- 42 (2) from the tax proceeds allocated under section 39(b)(3) of this

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- 1 chapter;
- 2 (3) from other revenues available to the redevelopment
- 3 commission; or
- 4 (4) from a combination of the methods stated in subdivisions (1)
- 5 through (3).

6 If the bonds are payable solely from the tax proceeds allocated under
 7 section 39(b)(3) of this chapter, other revenues of the redevelopment
 8 commission, or any combination of these sources, they may be issued
 9 in any amount ~~without limitation.~~ **not to exceed the maximum**
 10 **amount approved by the legislative body in the resolution**
 11 **described in subsection (c).**

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

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

- 23 (l) All laws relating to:
 - 24 (1) the filing of petitions requesting the issuance of bonds; and
 - 25 (2) the right of:
 - 26 (A) taxpayers and voters to remonstrate against the issuance of
 - 27 bonds in the case of a proposed bond issue described by
 - 28 IC 6-1.1-20-3.1(a); or
 - 29 (B) voters to vote on the issuance of bonds in the case of a
 - 30 proposed bond issue described by IC 6-1.1-20-3.5(a);

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

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

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

- 41 (1) deposited in the allocation fund established under section
- 42 39(b)(3) of this chapter; and

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

5 (o) If bonds are issued under this chapter that are payable solely or
6 in part from revenues to the redevelopment commission from a project
7 or projects, the redevelopment commission may adopt a resolution or
8 trust indenture or enter into covenants as is customary in the issuance
9 of revenue bonds. The resolution or trust indenture may pledge or
10 assign the revenues from the project or projects, but may not convey or
11 mortgage any project or parts of a project. The resolution or trust
12 indenture may also contain any provisions for protecting and enforcing
13 the rights and remedies of the bond owners as may be reasonable and
14 proper and not in violation of law, including covenants setting forth the
15 duties of the redevelopment commission. The redevelopment
16 commission may establish fees and charges for the use of any project
17 and covenant with the owners of any bonds to set those fees and
18 charges at a rate sufficient to protect the interest of the owners of the
19 bonds. Any revenue bonds issued by the redevelopment commission
20 that are payable solely from revenues of the commission shall contain
21 a statement to that effect in the form of bond.

22 (p) If the total principal amount of bonds authorized by a resolution
23 of the redevelopment commission adopted before July 1, 2008, is equal
24 to or greater than three million dollars (\$3,000,000), the bonds may not
25 be issued without the approval, by resolution, of the legislative body of
26 the unit. Bonds authorized in any principal amount by a resolution of
27 the redevelopment commission adopted after June 30, 2008, may not
28 be issued without the approval of the legislative body of the unit.

29 SECTION 10. IC 36-7-14-25.2, AS AMENDED BY P.L.146-2008,
30 SECTION 733, IS AMENDED TO READ AS FOLLOWS
31 [EFFECTIVE JULY 1, 2012]: Sec. 25.2. (a) **Subject to the prior**
32 **approval of the fiscal body of the unit under subsection (c)**, a
33 redevelopment commission may enter into a lease of any property that
34 could be financed with the proceeds of bonds issued under this chapter
35 with a lessor for a term not to exceed:

- 36 (1) fifty (50) years, for a lease entered into before July 1, 2008; or
- 37 (2) twenty-five (25) years, for a lease entered into after June 30,
- 38 2008.

39 The lease may provide for payments to be made by the redevelopment
40 commission from special benefits taxes levied under section 27 of this
41 chapter, taxes allocated under section 39 of this chapter, any other
42 revenues available to the redevelopment commission, or any

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combination of these sources.

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

(c) A lease may be entered into by the redevelopment commission only after a public hearing by the redevelopment commission at which all interested parties are provided the opportunity to be heard. After the public hearing, the redevelopment commission may adopt a resolution authorizing the execution of the lease on behalf of the unit if it finds that the service to be provided throughout the term of the lease will serve the public purpose of the unit and is in the best interests of its residents. Any lease approved by a resolution of the redevelopment commission must **also** be approved by an ordinance **or resolution** of the fiscal body of the unit. **The approving ordinance or resolution of the fiscal body must include the following:**

- (1) **The maximum annual lease rental for the lease.**
- (2) **The maximum interest rate or rates, any provisions for redemption before maturity, and any provisions for the payment of capitalized interest associated with the lease.**
- (3) **The maximum term of the lease.**

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

(e) Upon the filing of the petition, the county auditor shall immediately certify a copy of it, together with such other data as may be necessary in order to present the questions involved, to the department of local government finance. Upon receipt of the certified

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1 petition and information, the department of local government finance
 2 shall fix a time and place for a hearing in the redevelopment district,
 3 which must be not less than five (5) or more than thirty (30) days after
 4 the time is fixed. Notice of the hearing shall be given by the department
 5 of local government finance to the members of the fiscal body, to the
 6 redevelopment commission, and to the first fifty (50) petitioners on the
 7 petition by a letter signed by the commissioner or deputy commissioner
 8 of the department and enclosed with fully prepaid postage sent to those
 9 persons at their usual place of residence, at least five (5) days before
 10 the date of the hearing. The decision of the department of local
 11 government finance on the appeal, upon the necessity for the execution
 12 of the lease, and as to whether the payments under it are fair and
 13 reasonable, is final.

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

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

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

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

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

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

35 (j) If a redevelopment commission exercises an option to buy a
 36 leased facility from a lessor, the redevelopment commission may
 37 subsequently sell the leased facility, without regard to any other statute,
 38 to the lessor at the end of the lease term at a price set forth in the lease
 39 or at fair market value established at the time of the sale by the
 40 redevelopment commission through auction, appraisal, or arms length
 41 negotiation. If the facility is sold at auction, after appraisal, or through
 42 negotiation, the redevelopment commission shall conduct a hearing

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1 after public notice in accordance with IC 5-3-1 before the sale. Any
2 action to contest the sale must be brought within fifteen (15) days of
3 the hearing.

4 SECTION 11. IC 36-7-14-27, AS AMENDED BY P.L.203-2011,
5 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2012]: Sec. 27. (a) This section applies only to:

- 7 (1) bonds that are issued under section 25.1 of this chapter; and
 - 8 (2) leases entered into under section 25.2 of this chapter;
- 9 which are payable from a special tax levied upon all of the property in
10 the special taxing district. This section does not apply to bonds or
11 leases that are payable solely from tax proceeds allocated under section
12 39(b)(3) of this chapter, other revenues of the redevelopment
13 commission, or any combination of these sources.

14 (b) The redevelopment commission, **with the prior approval of the**
15 **legislative body**, shall levy each year a special tax on all of the
16 property of the redevelopment taxing district, in such a manner as to
17 meet and pay the principal of the bonds as they mature, together with
18 all accruing interest on the bonds or lease rental payments under
19 section 25.2 of this chapter. The commission shall cause the tax levied
20 to be certified to the proper officers as other tax levies are certified, and
21 to the auditor of the county in which the redevelopment district is
22 located, before the second day of October in each year. The tax shall be
23 estimated and entered on the tax duplicate by the county auditor and
24 shall be collected and enforced by the county treasurer in the same
25 manner as other state and county taxes are estimated, entered,
26 collected, and enforced. The amount of the tax levied to pay bonds or
27 lease rentals payable from the tax levied under this section shall be
28 reduced by any amount available in the allocation fund established
29 under section 39(b)(3) of this chapter or other revenues of the
30 redevelopment commission to the extent such revenues have been set
31 aside in the redevelopment bond fund.

32 (c) As the tax is collected, it shall be accumulated in a separate fund
33 to be known as the redevelopment district bond fund and shall be
34 applied to the payment of the bonds as they mature and the interest on
35 the bonds as it accrues, or to make lease payments and to no other
36 purpose. All accumulations of the fund before their use for the payment
37 of bonds and interest or to make lease payments shall be deposited with
38 the depository or depositories for other public funds of the unit in
39 accordance with IC 5-13, unless they are invested under IC 5-13-9.

40 (d) If there are no outstanding bonds that are payable solely or in
41 part from tax proceeds allocated under section 39(b)(3) of this chapter
42 and that were issued to pay costs of redevelopment in an allocation area

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1 that is located wholly or in part in the special taxing district, then all
2 proceeds from the sale or leasing of property in the allocation area
3 under section 22 of this chapter shall be paid into the redevelopment
4 district bond fund and become a part of that fund. In arriving at the tax
5 levy for any year, the redevelopment commission shall take into
6 account the amount of the proceeds deposited under this subsection and
7 remaining on hand.

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

13 SECTION 12. IC 36-7-14-27.5, AS AMENDED BY P.L.146-2008,
14 SECTION 735, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2012]: Sec. 27.5. (a) **Subject to the prior**
16 **approval by the legislative body of the unit**, the redevelopment
17 commission may borrow money in anticipation of receipt of the
18 proceeds of taxes levied for the redevelopment district bond fund and
19 not yet collected, and may evidence this borrowing by issuing warrants
20 of the redevelopment district. However, the aggregate principal amount
21 of warrants issued in anticipation of and payable from the same tax
22 levy or levies may not exceed an amount equal to eighty percent (80%)
23 of that tax levy or levies, as certified by the department of local
24 government finance, or as determined by multiplying the rate of tax as
25 finally approved by the total assessed valuation (after deducting all
26 mortgage deductions) within the redevelopment district, as most
27 recently certified by the county auditor.

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

37 (c) All action that this section requires or authorizes the
38 redevelopment commission to take may be taken by resolution, which
39 need not be published or posted. The resolution takes effect
40 immediately upon its adoption by the redevelopment commission. An
41 action to contest the validity of tax anticipation warrants may not be
42 brought later than ten (10) days after the sale date.

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

5 (e) In their resolution authorizing the warrants, the redevelopment
6 commission may provide:

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

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

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

30 SECTION 13. IC 36-7-14-39, AS AMENDED BY P.L.203-2011,
31 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
32 JULY 1, 2012]: Sec. 39. (a) As used in this section:

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

37 "Base assessed value" means the following:

- 38 (1) If an allocation provision is adopted after June 30, 1995, in a
39 declaratory resolution or an amendment to a declaratory
40 resolution establishing an economic development area:
 - 41 (A) the net assessed value of all the property as finally
 - 42 determined for the assessment date immediately preceding the

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- 1 effective date of the allocation provision of the declaratory
- 2 resolution, as adjusted under subsection (h); plus
- 3 (B) to the extent that it is not included in clause (A), the net
- 4 assessed value of property that is assessed as residential
- 5 property under the rules of the department of local government
- 6 finance, as finally determined for any assessment date after the
- 7 effective date of the allocation provision.
- 8 (2) If an allocation provision is adopted after June 30, 1997, in a
- 9 declaratory resolution or an amendment to a declaratory
- 10 resolution establishing a redevelopment project area:
- 11 (A) the net assessed value of all the property as finally
- 12 determined for the assessment date immediately preceding the
- 13 effective date of the allocation provision of the declaratory
- 14 resolution, as adjusted under subsection (h); plus
- 15 (B) to the extent that it is not included in clause (A), the net
- 16 assessed value of property that is assessed as residential
- 17 property under the rules of the department of local government
- 18 finance, as finally determined for any assessment date after the
- 19 effective date of the allocation provision.
- 20 (3) If:
- 21 (A) an allocation provision adopted before June 30, 1995, in
- 22 a declaratory resolution or an amendment to a declaratory
- 23 resolution establishing a redevelopment project area expires
- 24 after June 30, 1997; and
- 25 (B) after June 30, 1997, a new allocation provision is included
- 26 in an amendment to the declaratory resolution;
- 27 the net assessed value of all the property as finally determined for
- 28 the assessment date immediately preceding the effective date of
- 29 the allocation provision adopted after June 30, 1997, as adjusted
- 30 under subsection (h).
- 31 (4) Except as provided in subdivision (5), for all other allocation
- 32 areas, the net assessed value of all the property as finally
- 33 determined for the assessment date immediately preceding the
- 34 effective date of the allocation provision of the declaratory
- 35 resolution, as adjusted under subsection (h).
- 36 (5) If an allocation area established in an economic development
- 37 area before July 1, 1995, is expanded after June 30, 1995, the
- 38 definition in subdivision (1) applies to the expanded part of the
- 39 area added after June 30, 1995.
- 40 (6) If an allocation area established in a redevelopment project
- 41 area before July 1, 1997, is expanded after June 30, 1997, the
- 42 definition in subdivision (2) applies to the expanded part of the

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1 area added after June 30, 1997.
 2 Except as provided in section 39.3 of this chapter, "property taxes"
 3 means taxes imposed under IC 6-1.1 on real property. However, upon
 4 approval by a resolution of the redevelopment commission adopted
 5 before June 1, 1987, "property taxes" also includes taxes imposed
 6 under IC 6-1.1 on depreciable personal property. If a redevelopment
 7 commission adopted before June 1, 1987, a resolution to include within
 8 the definition of property taxes taxes imposed under IC 6-1.1 on
 9 depreciable personal property that has a useful life in excess of eight
 10 (8) years, the commission may by resolution determine the percentage
 11 of taxes imposed under IC 6-1.1 on all depreciable personal property
 12 that will be included within the definition of property taxes. However,
 13 the percentage included must not exceed twenty-five percent (25%) of
 14 the taxes imposed under IC 6-1.1 on all depreciable personal property.

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

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- 1 (1) Except as otherwise provided in this section, the proceeds of
- 2 the taxes attributable to the lesser of:
- 3 (A) the assessed value of the property for the assessment date
- 4 with respect to which the allocation and distribution is made;
- 5 or
- 6 (B) the base assessed value;
- 7 shall be allocated to and, when collected, paid into the funds of
- 8 the respective taxing units.
- 9 (2) The excess of the proceeds of the property taxes imposed for
- 10 the assessment date with respect to which the allocation and
- 11 distribution is made that are attributable to taxes imposed after
- 12 being approved by the voters in a referendum or local public
- 13 question conducted after April 30, 2010, not otherwise included
- 14 in subdivision (1) shall be allocated to and, when collected, paid
- 15 into the funds of the taxing unit for which the referendum or local
- 16 public question was conducted.
- 17 (3) Except as otherwise provided in this section, property tax
- 18 proceeds in excess of those described in subdivisions (1) and (2)
- 19 shall be allocated to the redevelopment district and, when
- 20 collected, paid into an allocation fund for that allocation area that
- 21 may be used by the redevelopment district only to do one (1) or
- 22 more of the following:
- 23 (A) Pay the principal of and interest on any obligations
- 24 payable solely from allocated tax proceeds which are incurred
- 25 by the redevelopment district for the purpose of financing or
- 26 refinancing the redevelopment of that allocation area.
- 27 (B) Establish, augment, or restore the debt service reserve for
- 28 bonds payable solely or in part from allocated tax proceeds in
- 29 that allocation area.
- 30 (C) Pay the principal of and interest on bonds payable from
- 31 allocated tax proceeds in that allocation area and from the
- 32 special tax levied under section 27 of this chapter.
- 33 (D) Pay the principal of and interest on bonds issued by the
- 34 unit to pay for local public improvements that are physically
- 35 located in or physically connected to that allocation area.
- 36 (E) Pay premiums on the redemption before maturity of bonds
- 37 payable solely or in part from allocated tax proceeds in that
- 38 allocation area.
- 39 (F) Make payments on leases payable from allocated tax
- 40 proceeds in that allocation area under section 25.2 of this
- 41 chapter.
- 42 (G) Reimburse the unit for expenditures made by it for local

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public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) 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) 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) (before their repeal) 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 (before its repeal)) for that year as determined under IC 6-1.1-21-4 (before its repeal) 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 (before its repeal)) 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

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section 25.1(a) of this chapter.
(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

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

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

(L) 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 (K), 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 allocation fund may not be used for operating expenses of the commission.

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

- (A) Determine the amount, if any, by which the 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 produce the

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property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3).

(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 has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the commission 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. The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (3) or lessors under section 25.3 of this chapter.

(C) If the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3), plus the amount necessary for other purposes described in subdivision (3), the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(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

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1 date of the allocation provision of the declaratory resolution is the
2 lesser of:

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

5 (2) the base assessed value.

6 (d) Property tax proceeds allocable to the redevelopment district
7 under subsection (b)(3) may, subject to subsection (b)(4), be
8 irrevocably pledged by the redevelopment district for payment as set
9 forth in subsection (b)(3).

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

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

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

21 (2) the base assessed value.

22 (g) If any part of the allocation area is located in an enterprise zone
23 created under IC 5-28-15, the unit that designated the allocation area
24 shall create funds as specified in this subsection. A unit that has
25 obligations, bonds, or leases payable from allocated tax proceeds under
26 subsection (b)(3) shall establish an allocation fund for the purposes
27 specified in subsection (b)(3) and a special zone fund. Such a unit
28 shall, until the end of the enterprise zone phase out period, deposit each
29 year in the special zone fund any amount in the allocation fund derived
30 from property tax proceeds in excess of those described in subsection
31 (b)(1) and (b)(2) from property located in the enterprise zone that
32 exceeds the amount sufficient for the purposes specified in subsection
33 (b)(3) for the year. The amount sufficient for purposes specified in
34 subsection (b)(3) for the year shall be determined based on the pro rata
35 portion of such current property tax proceeds from the part of the
36 enterprise zone that is within the allocation area as compared to all
37 such current property tax proceeds derived from the allocation area. A
38 unit that has no obligations, bonds, or leases payable from allocated tax
39 proceeds under subsection (b)(3) shall establish a special zone fund
40 and deposit all the property tax proceeds in excess of those described
41 in subsection (b)(1) and (b)(2) in the fund derived from property tax
42 proceeds in excess of those described in subsection (b)(1) and (b)(2)

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1 from property located in the enterprise zone. The unit that creates the
 2 special zone fund shall use the fund (based on the recommendations of
 3 the urban enterprise association) for programs in job training, job
 4 enrichment, and basic skill development that are designed to benefit
 5 residents and employers in the enterprise zone or other purposes
 6 specified in subsection (b)(3), except that where reference is made in
 7 subsection (b)(3) to allocation area it shall refer for purposes of
 8 payments from the special zone fund only to that part of the allocation
 9 area that is also located in the enterprise zone. Those programs shall
 10 reserve at least one-half (1/2) of their enrollment in any session for
 11 residents of the enterprise zone.

12 (h) The state board of accounts and department of local government
 13 finance shall make the rules and prescribe the forms and procedures
 14 that they consider expedient for the implementation of this chapter.
 15 After each general reassessment under IC 6-1.1-4, the department of
 16 local government finance shall adjust the base assessed value one (1)
 17 time to neutralize any effect of the general reassessment on the
 18 property tax proceeds allocated to the redevelopment district under this
 19 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 20 department of local government finance shall adjust the base assessed
 21 value one (1) time to neutralize any effect of the annual adjustment on
 22 the property tax proceeds allocated to the redevelopment district under
 23 this section. However, the adjustments under this subsection may not
 24 include the effect of property tax abatements under IC 6-1.1-12.1, and
 25 these adjustments may not produce less property tax proceeds allocable
 26 to the redevelopment district under subsection (b)(3) than would
 27 otherwise have been received if the general reassessment or annual
 28 adjustment had not occurred. The department of local government
 29 finance may prescribe procedures for county and township officials to
 30 follow to assist the department in making the adjustments.

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

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

34 (2) Subject to subdivision (3), the initial allocation deadline and
 35 subsequent allocation deadlines are automatically extended in
 36 increments of five (5) years, so that allocation deadlines
 37 subsequent to the initial allocation deadline fall on December 31,
 38 2016, and December 31 of each fifth year thereafter.

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

42 (A) terminates the automatic extension of allocation deadlines

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1 under subdivision (2); and
 2 (B) specifically designates a particular date as the final
 3 allocation deadline.
 4 SECTION 14. IC 36-7-14-43, AS AMENDED BY P.L.146-2008,
 5 SECTION 740, IS AMENDED TO READ AS FOLLOWS
 6 [EFFECTIVE JULY 1, 2012]: Sec. 43. (a) All of the rights, powers,
 7 privileges, and immunities that may be exercised by the commission in
 8 a redevelopment project area or urban renewal area may be exercised
 9 by the commission in an economic development area, subject to the
 10 following:
 11 (1) The content and manner of exercise of these rights, powers,
 12 privileges, and immunities shall be determined by the purposes
 13 and nature of an economic development area. **A right, power,
 14 privilege, or immunity that pertains to issuing bonds or
 15 incurring an obligation may not be exercised by a
 16 redevelopment commission unless it is first specifically
 17 authorized by the fiscal or legislative body of the unit,
 18 whichever applies, regardless of any other law.**
 19 (2) Real property (or interests in real property) relative to which
 20 action is taken in an economic development area is not required
 21 to meet the conditions described in IC 36-7-1-3.
 22 (3) The special tax levied in accordance with section 27 of this
 23 chapter may be used to carry out activities under this chapter in
 24 economic development areas.
 25 (4) Bonds may be issued in accordance with section 25.1 of this
 26 chapter to defray expenses of carrying out activities under this
 27 chapter in economic development areas if no other revenue
 28 sources are available for this purpose.
 29 (5) The tax exemptions set forth in section 37 of this chapter are
 30 applicable in economic development areas.
 31 (6) An economic development area may be an allocation area for
 32 the purposes of distribution and allocation of property taxes.
 33 (7) The commission may not use its power of eminent domain
 34 under section 20 of this chapter to carry out activities under this
 35 chapter in an economic development area.
 36 (b) The content and manner of discharge of duties set forth in
 37 section 11 of this chapter shall be determined by the purposes and
 38 nature of an economic development area.
 39 SECTION 15. IC 36-7-14.5-7 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 7. (a) A _____
 41 Redevelopment Authority (the blank to be filled in with a name
 42 designated by the legislative body of the unit) may be created in the

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1 unit as a separate body corporate and politic and as an instrumentality
2 of the unit to exercise any power granted to the authority under this
3 chapter.

4 (b) An authority may be created by ordinance of the legislative body
5 of the unit.

6 (c) **An authority is subject to the same laws, rules, and**
7 **ordinances of a general nature that apply to all other authorities**
8 **and departments of the unit. An authority is:**

9 (1) **subject to audit by the state board of accounts under**
10 **IC 5-11;**

11 (2) **covered by IC 5-14-1.5 (the public meetings law); and**

12 (3) **covered by IC 5-14-3 (the public records law).**

13 SECTION 16. IC 36-7-14.5-9 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) Immediately after
15 January 15 of each year, the board shall hold an organizational
16 meeting. It shall elect one (1) of the members president, another vice
17 president, and another secretary-treasurer to perform the duties of those
18 offices. These officers serve from the date of their election and until
19 their successors are elected and qualified. The board may elect an
20 assistant secretary-treasurer. **The secretary-treasurer shall report**
21 **quarterly to the fiscal officer of the unit that established the**
22 **redevelopment authority.**

23 (b) Special meetings may be called by the president of the board or
24 any two (2) members of the board.

25 (c) A majority of the members constitutes a quorum, and the
26 concurrence of a majority of the members is necessary to authorize any
27 action.

28 SECTION 17. IC 36-7-14.5-13 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 13. (a) Bonds issued
30 under IC 36-7-14 may be refunded as provided in this section.

31 (b) **Subject to the prior approval of the fiscal body of the unit**
32 **under IC 36-7-14-25.2,** the commission may:

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

38 (2) sell all or a portion of a local public improvement or
39 improvements to the authority for a price sufficient to provide for
40 the refunding of those bonds and lease back the local public
41 improvement or improvements from the authority.

42 SECTION 18. IC 36-7-14.5-14 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 14. (a) Before a lease
 2 may be entered into, the commission must:
 3 (1) find that the lease rental provided for is fair and reasonable;
 4 **and**
 5 **(2) obtain the prior approval of the fiscal body of the unit**
 6 **under IC 36-7-14-25.2.**
 7 (b) A lease of local public improvements from the authority to the
 8 commission:
 9 (1) must comply with IC 36-7-14-25.2 or IC 36-7-30-20;
 10 (2) may not require payment of lease rental for a newly
 11 constructed local public improvement or for improvements to an
 12 existing local public improvement except to the extent that the
 13 local public improvement or improvements thereto have been
 14 completed and are ready for occupancy or use;
 15 (3) may contain provisions:
 16 (A) allowing the commission to continue to operate an existing
 17 local public improvement until completion of the
 18 improvements, reconstruction, or renovation; and
 19 (B) requiring payment of lease rentals for an existing local
 20 public improvement being used, reconstructed, or renovated;
 21 (4) may contain an option to renew the lease for the same or
 22 shorter term on the conditions provided in the lease;
 23 (5) must contain an option for the commission to purchase the
 24 local public improvement upon the terms stated in the lease
 25 during the term of the lease for a price equal to the amount
 26 required to pay all indebtedness incurred on account of the local
 27 public improvement, including indebtedness incurred for the
 28 refunding of that indebtedness;
 29 (6) may be entered into before acquisition or construction of a
 30 local public improvement;
 31 (7) may provide that the commission shall agree to:
 32 (A) pay all taxes and assessments thereon;
 33 (B) maintain insurance thereon for the benefit of the authority;
 34 and
 35 (C) assume responsibility for utilities, repairs, alterations, and
 36 any costs of operation; and
 37 (8) may provide that the lease rental payments by the commission
 38 shall be made from any one (1) or more of the sources set forth in
 39 IC 36-7-14-25.2 or IC 36-7-30-20.
 40 SECTION 19. IC 36-7-14.5-18 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 18. (a) The commission
 42 may lease for a nominal lease rental, or sell to the authority, one (1) or

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1 more local public improvements or portions thereof or land upon which
2 a local public improvement is located or is to be constructed.

3 (b) Any lease of all or a portion of a local public improvement by
4 the commission to the authority must be for a term equal to the term of
5 the lease of that local public improvement back to the redevelopment
6 commission.

7 (c) **Subject to the prior approval of the fiscal body of the unit**
8 **under IC 36-7-14-25.2**, the commission may sell property to the
9 authority for such amount as ~~it~~ **the commission** determines to be in the
10 best interest of the commission, which amount may be paid from the
11 proceeds of bonds of the authority.

12 SECTION 20. IC 36-7-14.5-19 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 19. (a) **Subject to the**
14 **prior approval of the legislative body of the unit under**
15 **IC 36-7-14-25.1**, the authority may issue bonds for the purpose of
16 obtaining money to pay the cost of:

17 (1) acquiring property;

18 (2) constructing, improving, reconstructing, or renovating one (1)
19 or more local public improvements; or

20 (3) funding or refunding bonds issued under this chapter or
21 IC 36-7-14.

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

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

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

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

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

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

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

38 (2) acquisition of a site and clearing and preparing the site for
39 construction;

40 (3) equipment, facilities, structures, and improvements that are
41 necessary or desirable to make the local public improvements that
42 are necessary or desirable to make the local public improvements

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- 1 suitable for use and operations;
 2 (4) architectural, engineering, consultant, and attorney fees;
 3 (5) incidental expenses in connection with the issuance and sale
 4 of bonds;
 5 (6) reserves for principal and interest;
 6 (7) interest during construction and for a period thereafter
 7 determined by the board, but in no event to exceed five (5) years;
 8 (8) financial advisory fees;
 9 (9) insurance during construction;
 10 (10) municipal bond insurance, debt service reserve insurance,
 11 letters of credit, or other credit enhancement; and
 12 (11) in the case of refunding or refinancing, payment of the
 13 principal of, redemption premiums, if any, and interest on, the
 14 bonds being refunded or refinanced.

15 SECTION 21. IC 36-7-14.5-21 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 21. (a) The authority
 17 may secure bonds issued under this chapter by a trust indenture
 18 between the authority and a corporate trustee, which may be any trust
 19 company or national or state bank within Indiana that has trust powers.

20 (b) **Subject to the prior approval of the fiscal body under**
 21 **IC 36-7-14-25.2**, the trust indenture may:

- 22 (1) pledge or assign lease rentals, receipts, and income from
 23 leased local public improvements, but may not mortgage land or
 24 local public improvements;
 25 (2) contain reasonable and proper provisions for protecting and
 26 enforcing the rights and remedies of the bondholders, including
 27 covenants setting forth the duties of the authority and board;
 28 (3) set forth the rights and remedies of bondholders and trustee;
 29 and
 30 (4) restrict the individual right of action of bondholders.

31 (c) Any pledge or assignment made by the authority under this
 32 section **and approved by the fiscal body of the unit** is valid and
 33 binding in accordance with IC 5-1-14-4 from the time that the pledge
 34 or assignment is made, against all persons whether they have notice of
 35 the lien or not. Any trust indenture by which a pledge is created or an
 36 assignment need not be filed or recorded. The lien is perfected against
 37 third parties in accordance with IC 5-1-14-4.

38 SECTION 22. IC 36-7-14.5-22 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 22. If the commission
 40 exercises its option to purchase leased property, it may, **subject to the**
 41 **prior approval of the legislative body of the unit under**
 42 **IC 36-7-14-25.1**, issue its bonds as authorized by statute.



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1 SECTION 23. IC 36-7-15.1-3.5 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2012]: **Sec. 3.5. (a) The controller of the**
 4 **consolidated city is the fiscal officer of a commission subject to this**
 5 **chapter.**

6 **(b) The controller may obtain financial services on a contractual**
 7 **basis for purposes of carrying out the powers and duties of the**
 8 **commission and protecting the public interests related to the**
 9 **operations and funding of the commission. The controller has**
 10 **charge over and is responsible for the administration, investment,**
 11 **and disbursement of all funds and accounts of the authority in**
 12 **accordance with the requirements of state law that apply to other**
 13 **funds and accounts administered by the controller.**

14 SECTION 24. IC 36-7-15.1-12, AS AMENDED BY P.L.185-2005,
 15 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2012]: Sec. 12. (a) If no appeal is taken, or if an appeal is
 17 taken but is unsuccessful, the commission shall proceed with the
 18 proposed project, to the extent that money is available for that purpose.

19 (b) The commission shall first approve and adopt a list of the real
 20 property and interests in real property to be acquired, and the price to
 21 be offered to the owner of each parcel or interests. The prices to be
 22 offered may not exceed the average of two (2) independent appraisals
 23 of fair market value procured by the commission, except that appraisals
 24 are not required in transactions with other governmental agencies.
 25 However, if the real property is less than five (5) acres in size and the
 26 fair market value of the real property or interest has been appraised by
 27 one (1) independent appraiser at less than ten thousand dollars
 28 (\$10,000), the second appraisal may be made by a qualified employee
 29 of the department. The prices indicated on the list may not be exceeded
 30 unless specifically authorized by the commission under section 7 of
 31 this chapter or ordered by a court in condemnation proceedings. The
 32 commission may except from acquisition any real property in the area
 33 if it finds that such an acquisition is not necessary under the
 34 redevelopment plan. Appraisals made under this section are for the
 35 information of the commission and are not open for public inspection.

36 (c) Negotiations for the purchase of property may be carried on
 37 directly by the commission, by its employees, or by expert negotiators
 38 employed for that purpose. The commission shall adopt a standard
 39 form of option for use in negotiations, but no option, contract, or
 40 understanding relative to the purchase of real property is binding on the
 41 commission until approved and accepted by the commission in writing.
 42 The commission may authorize the payment of a nominal fee to bind

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1 an option, and as a part of the consideration for conveyance may agree
 2 to pay the expense incident to the conveyance and determination of the
 3 title of the property. Payment for the property purchased shall be made
 4 when and as directed by the commission, but only on delivery of proper
 5 instruments conveying the title or interest of the owner to "City of
 6 _____ for the use and benefit of its Department of Metropolitan
 7 Development". **Notwithstanding the other provisions of this**
 8 **subsection, any agreement by the commission to make payments**
 9 **for the property purchased over a term exceeding five (5) years is**
 10 **subject to the prior approval of the legislative body of the unit.**

11 (d) Notwithstanding subsections (a) through (c), the commission
 12 may, before the time referred to in this section, accept gifts of property
 13 needed for the redevelopment of redevelopment project areas. The
 14 commission may, before the time referred to in this section, take
 15 options on or contract for the acquisition of property needed for the
 16 redevelopment of redevelopment project areas if the options and
 17 contracts are not binding on the commission or the redevelopment
 18 district until the time referred to in this section and until money is
 19 available to pay the consideration set out in the options or contracts.

20 (e) Section 15(a) through 15(h) of this chapter does not apply to
 21 exchanges of real property (or interests in real property) in connection
 22 with the acquisition of real property (or interests in real property) under
 23 this section. In acquiring real property (or interests in real property)
 24 under this section the commission may, as an alternative to offering
 25 payment of money as specified in subsection (b), offer for the real
 26 property (or interest in real property) that the commission desires to
 27 acquire:

- 28 (1) exchange of real property or interests in real property owned
- 29 by the redevelopment district;
- 30 (2) exchange of real property or interests in real property owned
- 31 by the redevelopment district, along with the payment of money
- 32 by the commission; or
- 33 (3) exchange of real property or interests in real property owned
- 34 by the redevelopment district along with the payment of money by
- 35 the owner of the real property or interests in real property that the
- 36 commission desires to acquire.

37 The commission shall have the fair market value of the real property or
 38 interests in real property owned by the redevelopment district appraised
 39 as specified in section 15(b) of this chapter. The appraisers may not
 40 also appraise the value of the real property or interests in real property
 41 to be acquired by the redevelopment district. The commission shall
 42 establish the nature of the offer to the owner based on the difference

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1 between the average of the two (2) appraisals of the fair market value
 2 of the real property or interests in real property to be acquired by the
 3 commission and the average of the appraisals of fair market value of
 4 the real property or interests in real property to be exchanged by the
 5 commission.

6 SECTION 25. IC 36-7-15.1-26, AS AMENDED BY P.L.203-2011,
 7 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2012]: Sec. 26. (a) As used in this section:

9 "Allocation area" means that part of a redevelopment project area
 10 to which an allocation provision of a resolution adopted under section
 11 8 of this chapter refers for purposes of distribution and allocation of
 12 property taxes.

13 "Base assessed value" means the following:

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

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

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

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

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

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

38 (3) If:

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

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1 (B) after June 30, 1997, a new allocation provision is included
 2 in an amendment to the declaratory resolution;
 3 the net assessed value of all the property as finally determined for
 4 the assessment date immediately preceding the effective date of
 5 the allocation provision adopted after June 30, 1997, as adjusted
 6 under subsection (h).
 7 (4) Except as provided in subdivision (5), for all other allocation
 8 areas, the net assessed value of all the property as finally
 9 determined for the assessment date immediately preceding the
 10 effective date of the allocation provision of the declaratory
 11 resolution, as adjusted under subsection (h).
 12 (5) If an allocation area established in an economic development
 13 area before July 1, 1995, is expanded after June 30, 1995, the
 14 definition in subdivision (1) applies to the expanded part of the
 15 area added after June 30, 1995.
 16 (6) If an allocation area established in a redevelopment project
 17 area before July 1, 1997, is expanded after June 30, 1997, the
 18 definition in subdivision (2) applies to the expanded part of the
 19 area added after June 30, 1997.
 20 Except as provided in section 26.2 of this chapter, "property taxes"
 21 means taxes imposed under IC 6-1.1 on real property. However, upon
 22 approval by a resolution of the redevelopment commission adopted
 23 before June 1, 1987, "property taxes" also includes taxes imposed
 24 under IC 6-1.1 on depreciable personal property. If a redevelopment
 25 commission adopted before June 1, 1987, a resolution to include within
 26 the definition of property taxes taxes imposed under IC 6-1.1 on
 27 depreciable personal property that has a useful life in excess of eight
 28 (8) years, the commission may by resolution determine the percentage
 29 of taxes imposed under IC 6-1.1 on all depreciable personal property
 30 that will be included within the definition of property taxes. However,
 31 the percentage included must not exceed twenty-five percent (25%) of
 32 the taxes imposed under IC 6-1.1 on all depreciable personal property.
 33 (b) A resolution adopted under section 8 of this chapter on or before
 34 the allocation deadline determined under subsection (i) may include a
 35 provision with respect to the allocation and distribution of property
 36 taxes for the purposes and in the manner provided in this section. A
 37 resolution previously adopted may include an allocation provision by
 38 the amendment of that resolution on or before the allocation deadline
 39 determined under subsection (i) in accordance with the procedures
 40 required for its original adoption. A declaratory resolution or an
 41 amendment that establishes an allocation provision after June 30, 1995,
 42 must specify an expiration date for the allocation provision. For an

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1 allocation area established before July 1, 2008, the expiration date may
 2 not be more than thirty (30) years after the date on which the allocation
 3 provision is established. For an allocation area established after June
 4 30, 2008, the expiration date may not be more than twenty-five (25)
 5 years after the date on which the first obligation was incurred to pay
 6 principal and interest on bonds or lease rentals on leases payable from
 7 tax increment revenues. However, with respect to bonds or other
 8 obligations that were issued before July 1, 2008, if any of the bonds or
 9 other obligations that were scheduled when issued to mature before the
 10 specified expiration date and that are payable only from allocated tax
 11 proceeds with respect to the allocation area remain outstanding as of
 12 the expiration date, the allocation provision does not expire until all of
 13 the bonds or other obligations are no longer outstanding. The allocation
 14 provision may apply to all or part of the redevelopment project area.
 15 The allocation provision must require that any property taxes
 16 subsequently levied by or for the benefit of any public body entitled to
 17 a distribution of property taxes on taxable property in the allocation
 18 area be allocated and distributed as follows:

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

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

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

27 (2) The excess of the proceeds of the property taxes imposed for
 28 the assessment date with respect to which the allocation and
 29 distribution is made that are attributable to taxes imposed after
 30 being approved by the voters in a referendum or local public
 31 question conducted after April 30, 2010, not otherwise included
 32 in subdivision (1) shall be allocated to and, when collected, paid
 33 into the funds of the taxing unit for which the referendum or local
 34 public question was conducted.

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

41 (A) Pay the principal of and interest on any obligations
 42 payable solely from allocated tax proceeds that are incurred by

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the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

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

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

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

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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.

(4) 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 (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).
- (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 has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or
 - (ii) state that the commission 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

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1 the amount, if any, of excess assessed value determined by the
 2 commission. The commission may not authorize an allocation
 3 to the respective taxing units under this subdivision if to do so
 4 would endanger the interests of the holders of bonds described
 5 in subdivision (3).

6 **(C) If the amount of excess assessed value determined by**
 7 **the commission is expected to generate more than two**
 8 **hundred percent (200%) of the amount of allocated tax**
 9 **proceeds necessary to make, when due, principal and**
 10 **interest payments on bonds described in subdivision (3),**
 11 **plus the amount necessary for other purposes described in**
 12 **subdivision (3) and subsection (g), the commission shall**
 13 **submit to the legislative body of the unit the commission's**
 14 **determination of the excess assessed value that the**
 15 **commission proposes to allocate to the respective taxing**
 16 **units in the manner prescribed in subdivision (1). The**
 17 **legislative body of the unit may approve the commission's**
 18 **determination or modify the amount of the excess assessed**
 19 **value that will be allocated to the respective taxing units in**
 20 **the manner prescribed in subdivision (1).**

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

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

28 (d) Property tax proceeds allocable to the redevelopment district
 29 under subsection (b)(3) may, subject to subsection (b)(4), be
 30 irrevocably pledged by the redevelopment district for payment as set
 31 forth in subsection (b)(3).

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

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

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

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- 1 (2) the base assessed value.
- 2 (g) If any part of the allocation area is located in an enterprise zone
 3 created under IC 5-28-15, the unit that designated the allocation area
 4 shall create funds as specified in this subsection. A unit that has
 5 obligations, bonds, or leases payable from allocated tax proceeds under
 6 subsection (b)(3) shall establish an allocation fund for the purposes
 7 specified in subsection (b)(3) and a special zone fund. Such a unit
 8 shall, until the end of the enterprise zone phase out period, deposit each
 9 year in the special zone fund the amount in the allocation fund derived
 10 from property tax proceeds in excess of those described in subsection
 11 (b)(1) and (b)(2) from property located in the enterprise zone that
 12 exceeds the amount sufficient for the purposes specified in subsection
 13 (b)(3) for the year. A unit that has no obligations, bonds, or leases
 14 payable from allocated tax proceeds under subsection (b)(3) shall
 15 establish a special zone fund and deposit all the property tax proceeds
 16 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 17 derived from property tax proceeds in excess of those described in
 18 subsection (b)(1) and (b)(2) from property located in the enterprise
 19 zone. The unit that creates the special zone fund shall use the fund,
 20 based on the recommendations of the urban enterprise association, for
 21 one (1) or more of the following purposes:
- 22 (1) To pay for programs in job training, job enrichment, and basic
 23 skill development designed to benefit residents and employers in
 24 the enterprise zone. The programs must reserve at least one-half
 25 (1/2) of the enrollment in any session for residents of the
 26 enterprise zone.
- 27 (2) To make loans and grants for the purpose of stimulating
 28 business activity in the enterprise zone or providing employment
 29 for enterprise zone residents in the enterprise zone. These loans
 30 and grants may be made to the following:
- 31 (A) Businesses operating in the enterprise zone.
- 32 (B) Businesses that will move their operations to the enterprise
 33 zone if such a loan or grant is made.
- 34 (3) To provide funds to carry out other purposes specified in
 35 subsection (b)(3). However, where reference is made in
 36 subsection (b)(3) to the allocation area, the reference refers for
 37 purposes of payments from the special zone fund only to that part
 38 of the allocation area that is also located in the enterprise zone.
- 39 (h) The state board of accounts and department of local government
 40 finance shall make the rules and prescribe the forms and procedures
 41 that they consider expedient for the implementation of this chapter.
 42 After each general reassessment under IC 6-1.1-4, the department of

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

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

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

19 (2) Subject to subdivision (3), the initial allocation deadline and
 20 subsequent allocation deadlines are automatically extended in
 21 increments of five (5) years, so that allocation deadlines
 22 subsequent to the initial allocation deadline fall on December 31,
 23 2016, and December 31 of each fifth year thereafter.

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

27 (A) terminates the automatic extension of allocation deadlines
 28 under subdivision (2); and

29 (B) specifically designates a particular date as the final
 30 allocation deadline.

31 **SECTION 26. [EFFECTIVE JULY 1, 2012] (a) IC 36-7-14, as**
 32 **amended by this act, applies to an obligation entered into or**
 33 **incurred by a redevelopment commission after June 30, 2012.**

34 **(b) IC 36-7-14-25.1, as amended by this act, applies to bonds for**
 35 **which a bond resolution is adopted after June 30, 2012.**

36 **(c) IC 36-7-14-25.2, as amended by this act, applies to a lease for**
 37 **which a public hearing is held under IC 36-7-14-25.2(c) after June**
 38 **30, 2012.**

39 **(d) IC 36-7-14-27.5, as amended by this act, applies to warrants**
 40 **issued after June 30, 2012.**

41 **(e) This SECTION expires July 1, 2013.**

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