First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1568

AN ACT to amend the Indiana Code concerning property.

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

SECTION 1. IC 5-22-22-1, AS AMENDED BY P.L.188-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) This chapter applies only to personal property owned by a governmental body.

(b) This chapter does not apply to dispositions of property described in any of the following:

(1) IC 5-22-21-1(b).

(2) IC 36-1-11-5.5.

(3) IC 36-1-11-5.7.

(c) This chapter does not apply to any of the following:

(1) The disposal of property under an urban homesteading program under IC 36-7-17 **or IC 36-7-17.1.**

(2) The lease of school buildings under IC 20-47.

(3) The sale of land to a lessor in a lease-purchase contract under IC 36-1-10.

(4) The disposal of property by a redevelopment commission established under IC 36-7.

(5) The leasing of property by a board of aviation commissioners established under IC 8-22-2 or an airport authority established under IC 8-22-3.

(6) The disposal of a municipally owned utility under IC 8-1.5.

(7) The sale or lease of property by a unit (as defined in IC 36-1-2-23) to an Indiana nonprofit corporation organized for

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educational, literary, scientific, religious, or charitable purposes that is exempt from federal income taxation under Section 501 of the Internal Revenue Code or the sale or reletting of that property by the nonprofit corporation.

(8) The disposal of surplus property by a hospital established and operated under IC 16-22-1 through IC 16-22-5, IC 16-22-8, IC 16-23-1, or IC 16-24-1.

(9) The sale or lease of property acquired under IC 36-7-13 for industrial development.

(10) The sale, lease, or disposal of property by a local hospital authority under IC 5-1-4.

(11) The sale or other disposition of property by a county or municipality to finance housing under IC 5-20-2.

(12) The disposition of property by a soil and water conservation district under IC 14-32.

(13) The disposal of surplus property by the health and hospital corporation established and operated under IC 16-22-8.

(14) The disposal of personal property by a library board under IC 36-12-3-5(c).

(15) The sale or disposal of property by the historic preservation commission under IC 36-7-11.1.

(16) The disposal of an interest in property by a housing authority under IC 36-7-18.

(17) The disposal of property under IC 36-9-37-26.

(18) The disposal of property used for park purposes under IC 36-10-7-8.

(19) The disposal of textbooks that will no longer be used by school corporations under IC 20-26-12.

(20) The disposal of residential structures or improvements by a municipal corporation without consideration to:

(A) a governmental body; or

(B) a nonprofit corporation that is organized to expand the supply or sustain the existing supply of good quality, affordable housing for residents of Indiana having low or moderate incomes.

(21) The disposal of historic property without consideration to a nonprofit corporation whose charter or articles of incorporation allows the corporation to take action for the preservation of historic property. As used in this subdivision, "historic property" means property that is:

(A) listed on the National Register of Historic Places; or

(B) eligible for listing on the National Register of Historic

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Places, as determined by the division of historic preservation and archeology of the department of natural resources.

(22) The disposal of real property without consideration to:

(A) a governmental body; or

(B) a nonprofit corporation that exists for the primary purpose of enhancing the environment;

when the property is to be used for compliance with a permit or an order issued by a federal or state regulatory agency to mitigate an adverse environmental impact.

(23) The disposal of property to a person under an agreement between the person and a governmental body under IC 5-23.

SECTION 2. IC 6-1.1-4-12, AS AMENDED BY P.L.154-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 12. (a) As used in this section, "land developer" means a person that holds land for sale in the ordinary course of the person's trade or business. **The term includes a financial institution (as defined in IC 28-1-1-3(1)) if the financial institution's land in inventory is purchased, acquired, or held for one (1) or more of the purposes established under IC 28-1-11-5(a)(2), IC 28-1-11-5(a)(3), and IC 28-1-11-5(a)(4).**

(b) As used in this section, "land in inventory" means:

(1) a lot; or

(2) a tract that has not been subdivided into lots;

to which a land developer holds title in the ordinary course of the land developer's trade or business.

(c) As used in this section, "title" refers to legal or equitable title, including the interest of a contract purchaser.

(d) For purposes of this section, land purchased, acquired, or held by a financial institution for one (1) or more of the purposes established under IC 28-1-11-5(a)(2), IC 28-1-11-5(a)(3), and IC 28-1-11-5(a)(4) is considered held for sale in the ordinary course of the financial institution's trade or business.

~~(d)~~ **(e)** Except as provided in subsections ~~(h) and~~ (i) **and (j),** if:

(1) land assessed on an acreage basis is subdivided into lots; or

(2) land is rezoned for, or put to, a different use;

the land shall be reassessed on the basis of its new classification.

~~(e)~~ **(f)** If improvements are added to real property, the improvements shall be assessed.

~~(f)~~ **(g)** An assessment or reassessment made under this section is effective on the next assessment date.

~~(g)~~ **(h)** No petition to the department of local government finance is necessary with respect to an assessment or reassessment made under

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this section.

~~(h)~~ **(i)** Subject to subsection ~~(i),~~ **(j),** land in inventory may not be reassessed until the next assessment date following the earliest of:

(1) the date on which title to the land is transferred by:

(A) the land developer; or

(B) a successor land developer that acquires title to the land;

to a person that is not a land developer;

(2) the date on which construction of a structure begins on the land; or

(3) the date on which a building permit is issued for construction of a building or structure on the land.

~~(i)~~ **(j)** Subsection ~~(h)~~ **(i)** applies regardless of whether the land in inventory is rezoned while a land developer holds title to the land.

SECTION 3. IC 6-1.1-10-5.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5.5. Real property **that is** held under IC 36-7-17 ~~which~~ **or IC 36-7-17.1 and that** is conveyed by contract with retention of the deed by the city is deemed to be the property of the city held for municipal purposes and is exempt from property taxation.

SECTION 4. IC 6-1.1-10-38, AS AMENDED BY P.L.98-2010, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 38. This chapter does not contain all of the property tax exemption provisions. The property taxation exemption provisions include, but are not limited to, the following sections:

IC 4-20.5-14-3	IC 21-35-2-19
IC 4-20.5-19	IC 21-35-3-20
IC 5-1-4-26	IC 20-47-2-21
IC 6-1.1-10-5	IC 20-47-3-15
~~IC 6-1.1-24-6.8(k)~~	IC 23-7-7-3
IC 8-10-1-27	IC 36-1-10-18
IC 8-23-7-31	IC 36-7-14-37
IC 8-15-2-12	IC 36-7-15.1-25
IC 8-21-9-31	IC 36-7-18-25
IC 10-18-2-22	IC 36-9-4-52
IC 10-18-1-36	IC 36-9-11-10
IC 10-18-3-12	IC 36-9-11.1-11
IC 10-18-4-21	IC 36-9-13-36
IC 10-18-7-9	IC 36-9-13-37
IC 14-33-20-27	IC 36-9-30-31
IC 15-13-4-4	IC 36-10-8-18
IC 16-22-6-34	IC 36-10-9-18
IC 21-34-8-3	

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SECTION 5. IC 6-1.1-24-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4.5. (a) The county auditor shall also provide those agencies under IC 36-7-17 **or IC 36-7-17.1,** in that county, with a list of tracts or items of real property on which one (1) or more installments of taxes is delinquent by June 15 of the year following the date the delinquency occurred.

(b) This subsection applies to a county having a consolidated city. The county auditor shall prepare a list of tracts or items of real properties for which at least one (1) installment of taxes is delinquent at least ten (10) months. The auditor shall submit a copy of this list to the metropolitan development commission no later than one hundred six (106) days prior to the date on which application for judgment and order for sale is made.

SECTION 6. IC 6-1.1-24-6.8, AS ADDED BY P.L.98-2010, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6.8. (a) For purposes of this section, in a county containing a consolidated city "county executive" refers to the board of commissioners of the county as provided in IC 36-3-3-10.

(b) As used in this section, "vacant parcel" refers to a parcel that satisfies ~~all~~ the following:

(1) A lien has been acquired on the parcel under section 6(a) of this chapter.

~~(2) The parcel is unimproved on the date the parcel is offered for sale under this chapter.~~

~~(3)~~ **(2) If the parcel is unimproved on the date the certificate of sale for the parcel or the vacant parcel is offered for sale under this chapter,** the construction of a structure intended for residential use on the parcel is permitted by law.

(3) If the parcel is improved on the date the certificate of sale for the parcel or the vacant parcel is offered for sale under this chapter, the following apply:

(A) One (1) or more of the following are located on the parcel:

(i) A structure that may be lawfully occupied for residential use.

(ii) A structure used in conjunction with a structure that may be lawfully occupied for residential use.

(B) The parcel is:

(i) on the list of vacant or abandoned properties designated under section 1(a)(2) of this chapter; or

(ii) not occupied by a tenant or a person having a substantial property interest of public record in the

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parcel.

(4) On the date **the certificate of sale for** the parcel **or the vacant parcel** is offered for sale under this chapter, the parcel is contiguous to one (1) or more parcels that satisfy the following:

(A) One (1) or more of the following are located on the contiguous parcel:

(i) A structure occupied for residential use.

(ii) A structure used in conjunction with a structure occupied for residential use.

(B) The contiguous parcel is eligible for the standard deduction under IC 6-1.1-12-37.

(c) ~~The~~ **A** county legislative body may ~~by~~ **adopt an** ordinance ~~establish~~ **authorizing the sale of vacant parcels and certificates of sale for vacant parcels in the county under this section. The ordinance may establish** criteria for the identification of vacant parcels **and certificates of sale for vacant parcels** to be offered for sale under this section. The criteria may include the following:

(1) Limitations on the use of the parcel under local zoning and land use requirements.

(2) **If the parcel is unimproved, the** minimum parcel area sufficient for construction of improvements.

(3) Any other factor considered appropriate by the county legislative body.

In a county containing a consolidated city, the county legislative body may adopt an ordinance under this subsection only upon recommendation by the board of commissioners provided in IC 36-3-3-10.

(d) If the county legislative body adopts an ordinance under subsection (c), the county executive shall for each ~~tax~~ sale **under this section:**

(1) by resolution, **and subject to the criteria adopted by the county legislative body under subsection (c),** identify each vacant parcel ~~that~~ **for which** the county executive desires to sell **the vacant parcel or the certificate of sale for the vacant parcel** under this section; and

(2) subject to subsection (e), give written notice to the owner of record of each parcel referred to in subsection (b)(4) that is contiguous to the vacant parcel.

(e) The notice under subsection (d)(2) with respect to each vacant parcel must include at least the following:

(1) A description of the vacant parcel by:

(A) legal description; and

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(B) parcel number or street address, or both.

(2) Notice that the county executive will accept written applications from owners of parcels described in subsection (b)(4) as provided in subsection (f).

(3) Notice of the deadline for applications referred to in subdivision (2) and of the information to be included in the applications.

(4) Notice that the vacant parcel **or certificate of sale for the vacant parcel** will be sold to the successful applicant for:

(A) one dollar ($1); **plus**

(B) the amounts described in section 5(f)(4) through 5(f)(6) of this chapter.

~~(5) Notice of the exemption provisions of subsection (l).~~

(f) To be eligible to purchase a vacant parcel **or the certificate of sale for a vacant parcel** under this section, the owner of a contiguous parcel referred to in subsection (b)(4) must file a written application with the county executive. The application must:

(1) identify the vacant parcel **or certificate of sale** that the applicant desires to purchase; and

(2) include any other information required by the county executive.

(g) If more than one (1) application to purchase a single vacant parcel **or the certificate of sale for a single vacant parcel** is filed with the county executive, the county executive shall conduct a drawing between or among the applicants in which each applicant has an equal chance to be selected as the transferee of the vacant parcel **or certificate of sale for the vacant parcel.**

(h) The county executive shall by resolution make a final determination concerning the vacant parcels **or certificates of sale for vacant parcels** that are to be sold under this section.

(i) After the final determination of **the** vacant parcels **and certificates of sale for vacant parcels** to be sold under subsection (h), the county executive shall:

(1) on behalf of the county, cause all delinquent taxes, special assessments, penalties, **and** interest ~~and costs of sale~~ with respect to the vacant parcels to be removed from the tax duplicate; **and**

(2) give notice of the final determination to:

(A) the successful applicant;

(B) the county auditor; and

(C) the township assessor, or the county assessor if there is no township assessor for the township.

(j) Upon receipt of notice under subsection (i)(2):

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(1) the county auditor shall:

(A) collect the purchase price from each successful applicant; and

(B) subject to subsection (k), prepare a deed transferring each vacant parcel to the successful applicant, **if the conditions of IC 6-1.1-25-4.5 and IC 6-1.1-25-4.6 are satisfied;** and

(2) **if the vacant parcel is unimproved,** the township assessor or county assessor shall consolidate each ~~vacant~~ **unimproved** parcel sold and the contiguous parcel owned by the successful applicant into a single parcel.

(k) ~~The~~ **For a deed issued under subsection (j)(1)(B) before July 1, 2013, a** county auditor shall include in the deed prepared under subsection (j)(1)(B) reference to the exemption under subsection (l).

(l) **This subsection applies only to a vacant parcel consolidated with a successful applicant's contiguous parcel under this section before July 1, 2013.** ~~Except as provided in~~ **Subject to** subsection (m), each consolidated parcel ~~referred to in subsection (j)(2)~~ **to which this subsection applies** is ~~entitled to an exemption~~ **exempt** from property taxation **for the period** beginning on the assessment date that next succeeds the consolidation in the amount of the assessed value at the time of consolidation of the vacant parcel that was subject to the consolidation.

(m) **This subsection applies only to a vacant parcel consolidated with a successful applicant's contiguous parcel under this section before July 1, 2013.** The exemption under subsection (l) is terminated as of the assessment date that next succeeds the earlier of the following:

(1) Five (5) years after the transfer of title to the successful applicant.

(2) The first transfer of title to the consolidated parcel that occurs after the consolidation.

(n) If a tax deed is issued for an improved vacant parcel after June 30, 2013, under this section or under IC 6-1.1-25-4.6 following the purchase of a certificate of sale under this section, the successful applicant may not sell the improved vacant parcel until after the first anniversary of the date on which the tax deed for the improved vacant parcel is issued to the successful applicant.

SECTION 7. IC 6-1.1-25-4, AS AMENDED BY P.L.56-2012, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. (a) The period for redemption of real property sold under IC 6-1.1-24 is:

(1) one (1) year after the date of sale;

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(2) one hundred twenty (120) days after the date of sale to a purchasing agency qualified under IC 36-7-17 **or IC 36-7-17.1;** or

(3) one hundred twenty (120) days after the date of sale of real property on the list prepared under IC 6-1.1-24-1(a)(2) or IC 6-1.1-24-1.5.

(b) Subject to subsection (l) and IC 6-1.1-24-9(d), the period for redemption of real property:

(1) on which the county executive acquires a lien under IC 6-1.1-24-6; and

(2) for which the certificate of sale is not sold under IC 6-1.1-24-6.1;

is one hundred twenty (120) days after the date the county executive acquires the lien under IC 6-1.1-24-6.

(c) The period for redemption of real property:

(1) on which the county executive acquires a lien under IC 6-1.1-24-6; and

(2) for which the certificate of sale is sold under IC 6-1.1-24;

is one hundred twenty (120) days after the date of sale of the certificate of sale under IC 6-1.1-24.

(d) When a deed for real property is executed under this chapter, the county auditor shall cancel the certificate of sale and file the canceled certificate in the office of the county auditor. If real property that appears on the list prepared under IC 6-1.1-24-1.5 is offered for sale and an amount that is at least equal to the minimum sale price required under IC 6-1.1-24-5 is not received, the county auditor shall issue a deed to the real property, subject to this chapter.

(e) When a deed is issued to a county executive under this chapter, the taxes and special assessments for which the real property was offered for sale, and all subsequent taxes, special assessments, interest, penalties, and cost of sale shall be removed from the tax duplicate in the same manner that taxes are removed by certificate of error.

(f) A tax deed executed under this chapter vests in the grantee an estate in fee simple absolute, free and clear of all liens and encumbrances created or suffered before or after the tax sale except those liens granted priority under federal law and the lien of the state or a political subdivision for taxes and special assessments which accrue subsequent to the sale and which are not removed under subsection (e). However, subject to subsection (g), the estate is subject to:

(1) all easements, covenants, declarations, and other deed restrictions shown by public records;

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(2) laws, ordinances, and regulations concerning governmental police powers, including zoning, building, land use, improvements on the land, land division, and environmental protection; and

(3) liens and encumbrances created or suffered by the grantee.

(g) A tax deed executed under this chapter for real property sold in a tax sale:

(1) does not operate to extinguish an easement recorded before the date of the tax sale in the office of the recorder of the county in which the real property is located, regardless of whether the easement was taxed under this article separately from the real property; and

(2) conveys title subject to all easements recorded before the date of the tax sale in the office of the recorder of the county in which the real property is located.

(h) A tax deed executed under this chapter is prima facie evidence of:

(1) the regularity of the sale of the real property described in the deed;

(2) the regularity of all proper proceedings; and

(3) valid title in fee simple in the grantee of the deed.

(i) A county auditor is not required to execute a deed to the county executive under this chapter if the county executive determines that the property involved contains hazardous waste or another environmental hazard for which the cost of abatement or alleviation will exceed the fair market value of the property. The county executive may enter the property to conduct environmental investigations.

(j) If the county executive makes the determination under subsection (i) as to any interest in an oil or gas lease or separate mineral rights, the county treasurer shall certify all delinquent taxes, interest, penalties, and costs assessed under IC 6-1.1-24 to the clerk, following the procedures in IC 6-1.1-23-9. After the date of the county treasurer's certification, the certified amount is subject to collection as delinquent personal property taxes under IC 6-1.1-23. Notwithstanding IC 6-1.1-4-12.4 and IC 6-1.1-4-12.6, the assessed value of such an interest shall be zero (0) until production commences.

(k) When a deed is issued to a purchaser of a certificate of sale sold under IC 6-1.1-24-6.1, the county auditor shall, in the same manner that taxes are removed by certificate of error, remove from the tax duplicate the taxes, special assessments, interest, penalties, and costs remaining due as the difference between the amount of the last minimum bid under IC 6-1.1-24-5 and the amount paid for the certificate of sale.

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(l) If a tract or item of real property did not sell at a tax sale and the county treasurer and the owner of real property agree before the expiration of the period for redemption under subsection (b) to a mutually satisfactory arrangement for the payment of the entire amount required for redemption under section 2 of this chapter before the expiration of a period for redemption extended under this subsection:

(1) the county treasurer may extend the period for redemption; and

(2) except as provided in subsection (m), the extended period for redemption expires one (1) year after the date of the agreement.

(m) If the owner of real property fails to meet the terms of an agreement entered into with the county treasurer under subsection (l), the county treasurer may terminate the agreement after providing thirty (30) days written notice to the owner. If the county treasurer gives notice under this subsection, the extended period for redemption established under subsection (l) expires thirty (30) days after the date of the notice.

SECTION 8. IC 6-1.1-25-4.6, AS AMENDED BY P.L.56-2012, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4.6. (a) After the expiration of the redemption period specified in section 4 of this chapter but not later than six (6) months after the expiration of the period of redemption:

(1) the purchaser, the purchaser's assignee, the county executive, or the purchaser of the certificate of sale under IC 6-1.1-24 may; or

(2) in a county where the county auditor and county treasurer have an agreement under section 4.7 of this chapter, the county auditor shall, upon the request of the purchaser or the purchaser's assignee;

file a verified petition in the same court and under the same cause number in which the judgment of sale was entered asking the court to direct the county auditor to issue a tax deed if the real property is not redeemed from the sale. Notice of the filing of this petition shall be given to the same parties and in the same manner as provided in section 4.5 of this chapter, except that, if notice is given by publication, only one (1) publication is required. The notice required by this section is considered sufficient if the notice is sent to the address required by section 4.5(d) of this chapter. Any person owning or having an interest in the tract or real property may file a written objection to the petition with the court not later than thirty (30) days after the date the petition was filed. If a written objection is timely filed, the court shall conduct a hearing on the objection.

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(b) Not later than sixty-one (61) days after the petition is filed under subsection (a), the court shall enter an order directing the county auditor (on the production of the certificate of sale and a copy of the order) to issue to the petitioner a tax deed if the court finds that the following conditions exist:

(1) The time of redemption has expired.

(2) The tract or real property has not been redeemed from the sale before the expiration of the period of redemption specified in section 4 of this chapter.

(3) Except with respect to a petition for the issuance of a tax deed under a sale of the certificate of sale on the property under IC 6-1.1-24-6.1 **or IC 6-1.1-24-6.8,** all taxes and special assessments, penalties, and costs have been paid.

(4) The notices required by this section and section 4.5 of this chapter have been given.

(5) The petitioner has complied with all the provisions of law entitling the petitioner to a deed.

The county auditor shall execute deeds issued under this subsection in the name of the state under the county auditor's name. If a certificate of sale is lost before the execution of a deed, the county auditor shall issue a replacement certificate if the county auditor is satisfied that the original certificate existed.

(c) Upon application by the grantee of a valid tax deed in the same court and under the same cause number in which the judgment of sale was entered, the court shall enter an order to place the grantee of a valid tax deed in possession of the real estate. The court may enter any orders and grant any relief that is necessary or desirable to place or maintain the grantee of a valid tax deed in possession of the real estate.

(d) Except as provided in subsections (e) and (f), if:

(1) the verified petition referred to in subsection (a) is timely filed; and

(2) the court refuses to enter an order directing the county auditor to execute and deliver the tax deed because of the failure of the petitioner under subsection (a) to fulfill the notice requirement of subsection (a);

the court shall order the return of the amount, if any, by which the purchase price exceeds the minimum bid on the property under IC 6-1.1-24-5 minus a penalty of twenty-five percent (25%) of that excess. The petitioner is prohibited from participating in any manner in the next succeeding tax sale in the county under IC 6-1.1-24. The county auditor shall deposit penalties paid under this subsection in the county general fund.

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(e) Notwithstanding subsection (d), in all cases in which:

(1) the verified petition referred to in subsection (a) is timely filed;

(2) the petitioner under subsection (a) has made a bona fide attempt to comply with the statutory requirements under subsection (b) for the issuance of the tax deed but has failed to comply with these requirements;

(3) the court refuses to enter an order directing the county auditor to execute and deliver the tax deed because of the failure to comply with these requirements; and

(4) the purchaser, the purchaser's successors or assignees, or the purchaser of the certificate of sale under IC 6-1.1-24 files a claim with the county auditor for refund not later than thirty (30) days after the entry of the order of the court refusing to direct the county auditor to execute and deliver the tax deed;

the county auditor shall not execute the deed but shall refund the purchase money minus a penalty of twenty-five percent (25%) of the purchase money from the county treasury to the purchaser, the purchaser's successors or assignees, or the purchaser of the certificate of sale under IC 6-1.1-24. The county auditor shall deposit penalties paid under this subsection in the county general fund. All the delinquent taxes and special assessments shall then be reinstated and recharged to the tax duplicate and collected in the same manner as if the property had not been offered for sale. The tract or item of real property, if it is then eligible for sale under IC 6-1.1-24, shall be placed on the delinquent list as an initial offering under IC 6-1.1-24.

(f) Notwithstanding subsections (d) and (e), the court shall not order the return of the purchase price or any part of the purchase price if:

(1) the purchaser or the purchaser of the certificate of sale under IC 6-1.1-24 has failed to provide notice or has provided insufficient notice as required by section 4.5 of this chapter; and

(2) the sale is otherwise valid.

(g) A tax deed executed under this section vests in the grantee an estate in fee simple absolute, free and clear of all liens and encumbrances created or suffered before or after the tax sale except those liens granted priority under federal law, and the lien of the state or a political subdivision for taxes and special assessments that accrue subsequent to the sale. However, the estate is subject to all easements, covenants, declarations, and other deed restrictions and laws governing land use, including all zoning restrictions and liens and encumbrances created or suffered by the purchaser at the tax sale. The deed is prima facie evidence of:

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(1) the regularity of the sale of the real property described in the deed;

(2) the regularity of all proper proceedings; and

(3) valid title in fee simple in the grantee of the deed.

(h) A tax deed issued under this section is incontestable except by appeal from the order of the court directing the county auditor to issue the tax deed filed not later than sixty (60) days after the date of the court's order.

SECTION 9. IC 6-1.1-25-5.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5.5. (a) The deed given by the county auditor to a county that acquired property under IC 6-1.1-24-6, or to a city agency that acquired property under IC 36-7-17 **or IC 36-7-17.1,** shall be in a form prescribed by the state board of accounts and approved by the attorney general.

(b) The deed given by the county auditor to a city that acquired property under IC 6-1.1-24-6.6 before its expiration and repeal must be in a form prescribed by the state board of accounts and approved by the attorney general.

SECTION 10. IC 6-1.1-25-7.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7.5. (a) This section applies to a county having a consolidated city.

(b) The county auditor shall provide the metropolitan development commission with a list of real property:

(1) included on the list prepared under IC 6-1.1-24-1.5;

(2) for which a certificate of sale has been issued; and

(3) for which the holder of the certificate has not requested the county auditor to execute and deliver a deed.

(c) The metropolitan development commission shall, within a reasonable time after receiving a list under subsection (b), identify any property described under subsection (b) that the metropolitan development commission desires to acquire for urban homesteading under IC 36-7-17 **or IC 36-7-17.1** or **for** redevelopment purposes under IC 36-7-15.1. The metropolitan development commission shall then provide the county auditor with a list of the properties identified under this subsection.

(d) The county auditor shall execute and deliver a deed for any property identified under subsection (c) to the metropolitan development commission.

(e) The county auditor shall execute and deliver a deed to the county for any property:

(1) included in the notice prepared under subsection (b); and

(2) not identified under subsection (c).

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(f) The metropolitan development commission and the county may not pay for any property acquired under subsection (d) or (e). However, a taxing unit having an interest in the taxes on the real property shall be credited with the full amount of the delinquent tax due to that unit.

SECTION 11. IC 36-1-11-1, AS AMENDED BY P.L.154-2012, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 1. (a) Except as provided in subsection (b), this chapter applies to the disposal of property by:

(1) political subdivisions; and

(2) their agencies.

(b) This chapter does not apply to the following:

(1) The disposal of property under an urban homesteading program under IC 36-7-17 **or IC 36-7-17.1.**

(2) The lease of school buildings under IC 20-47.

(3) The sale of land to a lessor in a lease-purchase contract under IC 36-1-10.

(4) The disposal of property by a redevelopment commission established under IC 36-7.

(5) The leasing of property by a board of aviation commissioners established under IC 8-22-2 or an airport authority established under IC 8-22-3.

(6) The disposal of a municipally owned utility under IC 8-1.5.

(7) The sale or lease of property by a unit to an Indiana nonprofit corporation organized for educational, literary, scientific, religious, or charitable purposes that is exempt from federal income taxation under Section 501 of the Internal Revenue Code or the sale or reletting of that property by the nonprofit corporation.

(8) The disposal of surplus property by a hospital established and operated under IC 16-22-1 through IC 16-22-5, IC 16-22-8, IC 16-23-1, or IC 16-24-1.

(9) The sale or lease of property acquired under IC 36-7-13 for industrial development.

(10) The sale, lease, or disposal of property by a local hospital authority under IC 5-1-4.

(11) The sale or other disposition of property by a county or municipality to finance housing under IC 5-20-2.

(12) The disposition of property by a soil and water conservation district under IC 14-32.

(13) The sale, lease, or disposal of property by the health and hospital corporation established and operated under IC 16-22-8.

(14) The disposal of personal property by a library board under

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IC 36-12-3-5(c).

(15) The sale or disposal of property by the historic preservation commission under IC 36-7-11.1.

(16) The disposal of an interest in property by a housing authority under IC 36-7-18.

(17) The disposal of property under IC 36-9-37-26.

(18) The disposal of property used for park purposes under IC 36-10-7-8.

(19) The disposal of textbooks that will no longer be used by school corporations under IC 20-26-12.

(20) The disposal of residential structures or improvements by a municipal corporation without consideration to:

(A) a governmental entity; or

(B) a nonprofit corporation that is organized to expand the supply or sustain the existing supply of good quality, affordable housing for residents of Indiana having low or moderate incomes.

(21) The disposal of historic property without consideration to a nonprofit corporation whose charter or articles of incorporation allows the corporation to take action for the preservation of historic property. As used in this subdivision, "historic property" means property that is:

(A) listed on the National Register of Historic Places; or

(B) eligible for listing on the National Register of Historic Places, as determined by the division of historic preservation and archeology of the department of natural resources.

(22) The disposal of real property without consideration to:

(A) a governmental agency; or

(B) a nonprofit corporation that exists for the primary purpose of enhancing the environment;

when the property is to be used for compliance with a permit or an order issued by a federal or state regulatory agency to mitigate an adverse environmental impact.

(23) The disposal of property to a person under an agreement between the person and a political subdivision or an agency of a political subdivision under IC 5-23.

(24) The disposal of residential real property pursuant to a federal aviation regulation (14 CFR 150) Airport Noise Compatibility Planning Program as approved by the Federal Aviation Administration.

SECTION 12. IC 36-7-14-22.5, AS ADDED BY P.L.169-2006, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2013]: Sec. 22.5. (a) This section applies to the following:

(1) Real property:

(A) that was acquired by the commission to carry out a redevelopment project, an economic development area project, or an urban renewal project; and

(B) relative to which the commission has, at a public hearing, decided that the real property is not needed to complete the redevelopment activity, an economic development activity, or urban renewal activity in the project area.

(2) Real property acquired under this chapter that is not in a redevelopment project area, economic development area, or an urban renewal project area.

(3) Parcels of property secured from the county under IC 6-1.1-25-9(e) that were acquired by the county under IC 6-1.1-24 and IC 6-1.1-25.

(4) Real property donated or transferred to the commission to be held and disposed of under this section.

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

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

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

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

(3) Control the use of the property.

(4) Lease the property.

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

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

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

(e) Real property described in subsection (a) may be sold, exchanged, transferred, granted, donated, or otherwise disposed of in any of the following ways:

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

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(2) In accordance with the provisions authorizing an urban homesteading program under IC 36-7-17 **or IC 36-7-17.1.**

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

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

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

SECTION 13. IC 36-7-14-32.5, AS AMENDED BY P.L.146-2008, SECTION 736, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 32.5. (a) Subject to the approval of the fiscal body of the unit that established the department of redevelopment, the commission may acquire a parcel of real property by the exercise of eminent domain when the real property has all of the following characteristics:

(1) The real property meets at least one (1) of the conditions described in IC 32-24-4.5-7(1).

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

(3) The condition of the real property has a negative impact on the use or value of the neighboring properties or other properties in the community.

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

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

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

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

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(1) Sale in an urban homestead program under IC 36-7-17 **or IC 36-7-17.1.**

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

(3) Sale or grant to a neighborhood development corporation with a condition in the granting clause of the deed requiring the nonprofit development corporation to lease or sell the property to a family whose income is at or below the county's median income for families or to cause development that will serve or benefit families whose income is at or below the unit's median income for families.

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

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

SECTION 14. IC 36-7-15.1-15.5, AS ADDED BY P.L.169-2006, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 15.5. (a) This section applies to the following:

(1) Real property:

(A) that was acquired by the commission to carry out a redevelopment project, an economic development area project, or an urban renewal project; and

(B) relative to which the commission has, at a public hearing, decided that the real property is not needed to complete the redevelopment activity, an economic development area activity, or urban renewal activity in the project area.

(2) Real property acquired under this chapter that is not in a redevelopment project area, an economic development area, or an urban renewal project area.

(3) Parcels of property secured from the county under IC 6-1.1-25-9(e) that were acquired by the county under IC 6-1.1-24 and IC 6-1.1-25.

(4) Real property donated or transferred to the commission to be held and disposed of under this section.

However, this section does not apply to property acquired under section 22.5 of this chapter.

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

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

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

(3) Control the use of the property.

(4) Lease the property.

(5) Use any powers under section 7(a) or 7(b) of this chapter in relation to the property.

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

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

(e) Real property described in subsection (a) may be sold, exchanged, transferred, granted, donated, or otherwise disposed of in any of the following ways:

(1) In accordance with section 15, 15.1, 15.2, 15.6, or 15.7 of this chapter.

(2) In accordance with the provisions authorizing an urban homesteading program under IC 36-7-17 **or IC 36-7-17.1.**

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

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

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

SECTION 15. IC 36-7-15.1-22.5, AS AMENDED BY P.L.146-2008, SECTION 753, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 22.5. (a) Subject to the approval of the county fiscal body, the commission may acquire a parcel of real property by the exercise of eminent domain when the following conditions exist:

(1) The real property meets at least one (1) of the conditions described in IC 32-24-4.5-7(1).

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

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

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

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

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

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

(1) Sale in an urban homestead program under IC 36-7-17 **or IC 36-7-17.1.**

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

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

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

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

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determination concerning the corporation's compliance with the criteria established under this subsection.

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

SECTION 16. IC 36-7-17.1 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]:

Chapter 17.1. Alternative Urban Homesteading Program for Qualified Individuals

Sec. 1. This chapter applies to all units except townships.

Sec. 2. As used in this chapter, "rehabilitation loan" refers to a rehabilitation loan (as defined in 24 CFR 203.50(a)(1)) that is eligible for insurance under Section 203(k) of the National Housing Act (12 U.S.C. 1709(4k)).

Sec. 3. (a) The fiscal body of a unit may by ordinance designate an agency or quasi-public corporation, or establish a new agency, to administer an urban homesteading program under which a dwelling for one (1) to four (4) families may be conveyed to individuals who must:

(1) occupy and rehabilitate the dwelling;

(2) use a rehabilitation loan to finance both:

(A) the purchase of the dwelling and the real property on which it is located in a sale under this chapter; and

(B) the rehabilitation of the dwelling; and

(3) comply with the program regulations set forth in 24 CFR 203.50 and 24 CFR 203.440 et seq., with respect to the rehabilitation loan described in subdivision (2).

(b) If the fiscal body of a unit has adopted an ordinance under IC 36-7-17-2 to:

(1) designate an agency or quasi-public corporation; or

(2) establish an agency;

to administer an urban homesteading program under IC 36-7-17, the fiscal body of the unit may designate the same agency or quasi-public corporation designated or established under the ordinance adopted under IC 36-7-17-2 to administer an urban homesteading program under this chapter.

Sec. 4. (a) The agency designated or established under section 3 of this chapter may acquire real property in the name of the unit, for use as provided in this chapter.

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(b) Under IC 6-1.1-24-4.5, the county auditor shall provide a list of real property on which one (1) or more installments of taxes are delinquent.

(c) Under IC 6-1.1-25-1 and IC 6-1.1-25-4, the agency may acquire the deed for real property purchased at tax sale for the purposes of this chapter one hundred twenty (120) days after the date of sale, after compliance with the notice and court petition provisions of IC 6-1.1-25-4.5 and IC 6-1.1-25-4.6.

(d) Under IC 6-1.1-25-7.5, the agency may acquire the deed for real property for which the holder of the certificate of sale has failed to request that the county auditor execute and deliver a deed within one hundred twenty (120) days after issuance of the certificate.

(e) In addition to real property acquired through tax sale for the purposes of this chapter, the agency may acquire real property by purchase or gift.

Sec. 5. The agency shall, after the acquisition of real property for use as provided in this chapter, take the steps necessary to fully inform the residents of each unit in which the dwellings are located of:

(1) the existence, nature, and location of the dwellings;

(2) the qualifications required for participation in the program under this chapter; and

(3) the terms and conditions on which the dwellings may be conveyed to qualified individuals.

Sec. 6. (a) An individual may apply for the program by completing an application.

(b) An individual is qualified and shall be approved to receive real property offered under this chapter if:

(1) the individual is at least eighteen (18) years of age;

(2) the individual applies for and receives a rehabilitation loan with respect to the real property not later than the period prescribed by the director of the agency in the rules and regulations described in section 11 of this chapter; and

(3) the individual, and the individual's immediate family, has not previously participated in the program under this chapter.

(c) Individuals who apply for the program and meet the requirements of subsection (b)(1) and (b)(3) are entitled to receive a list of all properties owned by the unit that are available under this chapter.

(d) Individuals described in subsection (c) may apply for each

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dwelling in which they are interested. A drawing shall be held to determine those applicants receiving the dwellings. Each approved individual and the individual's immediate family may receive only one (1) dwelling in the drawing.

Sec. 7. (a) The conveyance of a dwelling to an applicant under this chapter shall be made in return for a fee of:

(1) one dollar ($1); plus

(2) the amounts described in IC 6-1.1-24-5(f)(4) through IC 6-1.1-24-5(f)(6);

if the applicant executes an agreement that meets the minimum conditions specified in subsection (b).

(b) The agreement described in subsection (a) must include the following minimum conditions:

(1) The applicant must apply for and receive a rehabilitation loan with respect to the dwelling and the real property on which it is located not later than the period prescribed by the director of the agency in the rules and regulations described in section 11 of this chapter.

(2) Upon receiving the rehabilitation loan described in subdivision (1), the applicant must comply with the program regulations set forth in 24 CFR 203.50 and 24 CFR 203.440 et seq., with respect to the rehabilitation loan described in subdivision (1).

(3) The applicant must comply with any additional terms, conditions, and requirements that the agency may impose to ensure that the purposes of this chapter are carried out. This may include the requirement that the dwelling be rehabilitated to minimum building code standards before possession.

Sec. 8. (a) The agency shall convey real property acquired for the purposes of this chapter to an individual qualified under section 7 of this chapter by using a method prescribed by subsection (b) or (c).

(b) The real property may be conveyed by a conditional sales contract, with title to remain in the agency until the individual receives the rehabilitation loan described in section 7(b)(1) of this chapter, subject to section 9 of this chapter.

(c) The title to real property may be conveyed as a determinable fee, with the language of the granting clause in the deed of conveyance providing that the real property is conveyed on the conditions that the purchaser:

(1) will apply for and receive a rehabilitation loan with

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respect to the real property not later than the period prescribed by the director of the agency in the rules and regulations described in section 11 of this chapter; and

(2) will comply with such additional terms, conditions, and requirements as the agency requires under this chapter.

Sec. 9. Before the vesting of a fee simple title in the purchaser under section 10 of this chapter, any material failure by the purchaser to carry out the agreement entered into under section 7 of this chapter nullifies the agreement and all right, title, and interest in the property immediately reverts to the agency, except that the agency may grant the purchaser a specified period, not to exceed two (2) years, to come into compliance with the terms of the agreement.

Sec. 10. If, after purchasing real property under this chapter, an individual has complied with the terms of the individual's agreement under section 7(b)(1) and 7(b)(3) of this chapter, the agency shall convey to the individual a fee simple title to the real property.

Sec. 11. The director of the agency shall prescribe the rules and regulations necessary to carry out this chapter, including rules and regulations establishing the period by which an individual must apply for and receive a rehabilitation loan with respect to the dwelling and the real property on which it is located, as described in section 7(b)(1) of this chapter.

Sec. 12. Property acquired or held under this chapter with retention of the deed by the unit is considered property of the unit held for municipal purposes and is exempt from property taxation. This property tax exemption becomes effective on the date of conveyance to the unit. A petition to cancel taxes or a certified application for exemption is not required for property acquired or held under this chapter.

Sec. 13. (a) A property for which no one applies in two (2) successive drawings held under this chapter may be sold at public auction to the highest bidder.

(b) The proceeds of the sale of real property acquired under IC 6-1.1-25-7.5 shall be applied to the cost of the sale, including advertising and appraisal.

(c) If any proceeds remain after payment of the costs under subsection (b), the proceeds shall be applied to the payment of taxes removed from the tax duplicate under IC 6-1.1-25-4(e).

(d) If any proceeds remain after payment of the taxes under subsection (c), the proceeds shall be deposited in the county general

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fund.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____

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