



January 30, 2013

SENATE BILL No. 346

DIGEST OF SB 346 (Updated January 29, 2013 11:18 am - DI 73)

Citations Affected: IC 36-7.

Synopsis: Redevelopment commissions. Provides that a redevelopment commission may, subject to prior approval by the unit's fiscal body, provide financial assistance to the owner of commercial property within a redevelopment project area or economic development area designated by the redevelopment commission, to assist the owner in constructing, rehabilitating, or repairing the commercial property.

Effective: July 1, 2013.

Head

January 8, 2013, read first time and referred to Committee on Tax and Fiscal Policy.
January 29, 2013, amended, reported favorably — Do Pass.

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SB 346—LS 6861/DI 73+



January 30, 2013

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.

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SENATE BILL No. 346

A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

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

- 1 SECTION 1. IC 36-7-14-12.2, AS AMENDED BY P.L.221-2007,
2 SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2013]: Sec. 12.2. (a) The redevelopment commission may do
4 the following:
- 5 (1) Acquire by purchase, exchange, gift, grant, condemnation, or
6 lease, or any combination of methods, any personal property or
7 interest in real property needed for the redevelopment of areas
8 needing redevelopment that are located within the corporate
9 boundaries of the unit.
 - 10 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
11 other instrument), exchange, lease, rent, or otherwise dispose of
12 property acquired for use in the redevelopment of areas needing
13 redevelopment on the terms and conditions that the commission
14 considers best for the unit and its inhabitants.
 - 15 (3) Sell, lease, or grant interests in all or part of the real property
16 acquired for redevelopment purposes to any other department of
17 the unit or to any other governmental agency for public ways,

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

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

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1 a multiple unit residential structure that any of the units leased by
2 the owner must be leased:

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

5 (B) to families whose income does not exceed eighty percent
6 (80%) of the unit's median income for families; and

7 (C) at an affordable rate.

8 **(28) Subject to prior approval by the fiscal body of the unit**
9 **that established the redevelopment commission, provide**
10 **financial assistance (including grants and loans) to the owner**
11 **of commercial property within a redevelopment project area**
12 **or economic development area designated by the**
13 **redevelopment commission under this chapter, to assist the**
14 **owner in constructing, rehabilitating, or repairing the**
15 **commercial property. Financial assistance approved or**
16 **provided before July 1, 2013, that would have been authorized**
17 **by this subdivision if this subdivision had been in effect when**
18 **the assistance was approved or provided is legalized and**
19 **validated.**

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

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

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

37 SECTION 2. IC 36-7-14-39, AS AMENDED BY P.L.112-2012,
38 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JULY 1, 2013]: Sec. 39. (a) As used in this section:

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

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allocation of property taxes.

"Base assessed value" means the following:

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

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

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

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

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

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

(3) If:

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

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

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

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

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

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

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

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

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

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

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

13 (B) the base assessed value;

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

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

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

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

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

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

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



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1 (E) Pay premiums on the redemption before maturity of bonds
 2 payable solely or in part from allocated tax proceeds in that
 3 allocation area.
 4 (F) Make payments on leases payable from allocated tax
 5 proceeds in that allocation area under section 25.2 of this
 6 chapter.
 7 (G) Reimburse the unit for expenditures made by it for local
 8 public improvements (which include buildings, parking
 9 facilities, and other items described in section 25.1(a) of this
 10 chapter) that are physically located in or physically connected
 11 to that allocation area.
 12 (H) Reimburse the unit for rentals paid by it for a building or
 13 parking facility that is physically located in or physically
 14 connected to that allocation area under any lease entered into
 15 under IC 36-1-10.
 16 (I) For property taxes first due and payable before January 1,
 17 2009, pay all or a part of a property tax replacement credit to
 18 taxpayers in an allocation area as determined by the
 19 redevelopment commission. This credit equals the amount
 20 determined under the following STEPS for each taxpayer in a
 21 taxing district (as defined in IC 6-1.1-1-20) that contains all or
 22 part of the allocation area:
 23 STEP ONE: Determine that part of the sum of the amounts
 24 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 25 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 26 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to
 27 the taxing district.
 28 STEP TWO: Divide:
 29 (i) that part of each county's eligible property tax
 30 replacement amount (as defined in IC 6-1.1-21-2 (before its
 31 repeal)) for that year as determined under IC 6-1.1-21-4
 32 (before its repeal) that is attributable to the taxing district;
 33 by
 34 (ii) the STEP ONE sum.
 35 STEP THREE: Multiply:
 36 (i) the STEP TWO quotient; times
 37 (ii) the total amount of the taxpayer's taxes (as defined in
 38 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
 39 that have been allocated during that year to an allocation
 40 fund under this section.
 41 If not all the taxpayers in an allocation area receive the credit
 42 in full, each taxpayer in the allocation area is entitled to

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1 receive the same proportion of the credit. A taxpayer may not
 2 receive a credit under this section and a credit under section
 3 39.5 of this chapter (before its repeal) in the same year.

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

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

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

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

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

- 30 (i) Make, when due, any payments required under clauses
 31 (A) through (K), including any payments of principal and
 32 interest on bonds and other obligations payable under this
 33 subdivision, any payments of premiums under this
 34 subdivision on the redemption before maturity of bonds, and
 35 any payments on leases payable under this subdivision.
- 36 (ii) Make any reimbursements required under this
 37 subdivision.
- 38 (iii) Pay any expenses required under this subdivision.
- 39 (iv) Establish, augment, or restore any debt service reserve
 40 under this subdivision.

41 **(M) Provide financial assistance under section 12.2(a)(28)**
 42 **of this chapter.**

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- 1 The allocation fund may not be used for operating expenses of the
- 2 commission.
- 3 (4) Except as provided in subsection (g), before July 15 of each
- 4 year, the commission shall do the following:
- 5 (A) Determine the amount, if any, by which the assessed value
- 6 of the taxable property in the allocation area for the most
- 7 recent assessment date minus the base assessed value, when
- 8 multiplied by the estimated tax rate of the allocation area, will
- 9 exceed the amount of assessed value needed to produce the
- 10 property taxes necessary to make, when due, principal and
- 11 interest payments on bonds described in subdivision (3), plus
- 12 the amount necessary for other purposes described in
- 13 subdivision (3).
- 14 (B) Provide a written notice to the county auditor, the fiscal
- 15 body of the county or municipality that established the
- 16 department of redevelopment, and the officers who are
- 17 authorized to fix budgets, tax rates, and tax levies under
- 18 IC 6-1.1-17-5 for each of the other taxing units that is wholly
- 19 or partly located within the allocation area. The notice must:
- 20 (i) state the amount, if any, of excess assessed value that the
- 21 commission has determined may be allocated to the
- 22 respective taxing units in the manner prescribed in
- 23 subdivision (1); or
- 24 (ii) state that the commission has determined that there is no
- 25 excess assessed value that may be allocated to the respective
- 26 taxing units in the manner prescribed in subdivision (1).
- 27 The county auditor shall allocate to the respective taxing units
- 28 the amount, if any, of excess assessed value determined by the
- 29 commission. The commission may not authorize an allocation
- 30 of assessed value to the respective taxing units under this
- 31 subdivision if to do so would endanger the interests of the
- 32 holders of bonds described in subdivision (3) or lessors under
- 33 section 25.3 of this chapter.
- 34 (c) For the purpose of allocating taxes levied by or for any taxing
- 35 unit or units, the assessed value of taxable property in a territory in the
- 36 allocation area that is annexed by any taxing unit after the effective
- 37 date of the allocation provision of the declaratory resolution is the
- 38 lesser of:
- 39 (1) the assessed value of the property for the assessment date with
- 40 respect to which the allocation and distribution is made; or
- 41 (2) the base assessed value.
- 42 (d) Property tax proceeds allocable to the redevelopment district

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1 under subsection (b)(3) may, subject to subsection (b)(4), be
2 irrevocably pledged by the redevelopment district for payment as set
3 forth in subsection (b)(3).

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

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

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

15 (2) the base assessed value.

16 (g) If any part of the allocation area is located in an enterprise zone
17 created under IC 5-28-15, the unit that designated the allocation area
18 shall create funds as specified in this subsection. A unit that has
19 obligations, bonds, or leases payable from allocated tax proceeds under
20 subsection (b)(3) shall establish an allocation fund for the purposes
21 specified in subsection (b)(3) and a special zone fund. Such a unit
22 shall, until the end of the enterprise zone phase out period, deposit each
23 year in the special zone fund any amount in the allocation fund derived
24 from property tax proceeds in excess of those described in subsection
25 (b)(1) and (b)(2) from property located in the enterprise zone that
26 exceeds the amount sufficient for the purposes specified in subsection
27 (b)(3) for the year. The amount sufficient for purposes specified in
28 subsection (b)(3) for the year shall be determined based on the pro rata
29 portion of such current property tax proceeds from the part of the
30 enterprise zone that is within the allocation area as compared to all
31 such current property tax proceeds derived from the allocation area. A
32 unit that has no obligations, bonds, or leases payable from allocated tax
33 proceeds under subsection (b)(3) shall establish a special zone fund
34 and deposit all the property tax proceeds in excess of those described
35 in subsection (b)(1) and (b)(2) in the fund derived from property tax
36 proceeds in excess of those described in subsection (b)(1) and (b)(2)
37 from property located in the enterprise zone. The unit that creates the
38 special zone fund shall use the fund (based on the recommendations of
39 the urban enterprise association) for programs in job training, job
40 enrichment, and basic skill development that are designed to benefit
41 residents and employers in the enterprise zone or other purposes
42 specified in subsection (b)(3), except that where reference is made in

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1 subsection (b)(3) to allocation area it shall refer for purposes of
 2 payments from the special zone fund only to that part of the allocation
 3 area that is also located in the enterprise zone. Those programs shall
 4 reserve at least one-half (1/2) of their enrollment in any session for
 5 residents of the enterprise zone.

6 (h) The state board of accounts and department of local government
 7 finance shall make the rules and prescribe the forms and procedures
 8 that they consider expedient for the implementation of this chapter.
 9 After each general reassessment of real property in an area under
 10 IC 6-1.1-4-4 and after each reassessment in an area under a
 11 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
 12 local government finance shall adjust the base assessed value one (1)
 13 time to neutralize any effect of the reassessment of the real property in
 14 the area on the property tax proceeds allocated to the redevelopment
 15 district under this section. After each annual adjustment under
 16 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 17 the base assessed value one (1) time to neutralize any effect of the
 18 annual adjustment on the property tax proceeds allocated to the
 19 redevelopment district under this section. However, the adjustments
 20 under this subsection may not include the effect of property tax
 21 abatements under IC 6-1.1-12.1, and these adjustments may not
 22 produce less property tax proceeds allocable to the redevelopment
 23 district under subsection (b)(3) than would otherwise have been
 24 received if the general reassessment, the reassessment under the
 25 reassessment plan, or the annual adjustment had not occurred. The
 26 department of local government finance may prescribe procedures for
 27 county and township officials to follow to assist the department in
 28 making the adjustments.

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

- 31 (1) The initial allocation deadline is December 31, 2011.
 32 (2) Subject to subdivision (3), the initial allocation deadline and
 33 subsequent allocation deadlines are automatically extended in
 34 increments of five (5) years, so that allocation deadlines
 35 subsequent to the initial allocation deadline fall on December 31,
 36 2016, and December 31 of each fifth year thereafter.
 37 (3) At least one (1) year before the date of an allocation deadline
 38 determined under subdivision (2), the general assembly may enact
 39 a law that:
 40 (A) terminates the automatic extension of allocation deadlines
 41 under subdivision (2); and
 42 (B) specifically designates a particular date as the final



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allocation deadline.

SECTION 3. IC 36-7-15.1-7, AS AMENDED BY P.L.146-2008, SECTION 744, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) In carrying out its duties and purposes under this chapter, the commission may do the following:

- (1) Acquire by purchase, exchange, gift, grant, lease, or condemnation, or any combination of methods, any real or personal property or interest in property needed for the redevelopment of areas needing redevelopment that are located within the redevelopment district.
- (2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, invest in, or otherwise dispose of, through any combination of methods, property acquired for use in the redevelopment of areas needing redevelopment on the terms and conditions that the commission considers best for the city and its inhabitants.
- (3) Acquire from and sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the city, or to any other governmental agency, for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes, on any terms that may be agreed upon.
- (4) Clear real property acquired for redevelopment purposes.
- (5) Enter on or into, inspect, investigate, and assess real property and structures acquired or to be acquired for redevelopment purposes to determine the existence, source, nature, and extent of any environmental contamination, including the following:
 - (A) Hazardous substances.
 - (B) Petroleum.
 - (C) Other pollutants.
- (6) Remediate environmental contamination, including the following, found on any real property or structures acquired for redevelopment purposes:
 - (A) Hazardous substances.
 - (B) Petroleum.
 - (C) Other pollutants.
- (7) Repair and maintain structures acquired or to be acquired for redevelopment purposes.
- (8) Enter upon, survey, or examine any land, to determine whether it should be included within an area needing redevelopment to be acquired for redevelopment purposes, and determine the value of that land.
- (9) Appear before any other department or agency of the city, or

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- 1 before any other governmental agency in respect to any matter
- 2 affecting:
- 3 (A) real property acquired or being acquired for
- 4 redevelopment purposes; or
- 5 (B) any area needing redevelopment within the jurisdiction of
- 6 the commission.
- 7 (10) Subject to section 13 of this chapter, exercise the power of
- 8 eminent domain in the name of the city, within the redevelopment
- 9 district, in the manner prescribed by this chapter.
- 10 (11) Establish a uniform fee schedule whenever appropriate for
- 11 the performance of governmental assistance, or for providing
- 12 materials and supplies to private persons in project or program
- 13 related activities.
- 14 (12) Expend, on behalf of the redevelopment district, all or any
- 15 part of the money available for the purposes of this chapter.
- 16 (13) Contract for the construction, extension, or improvement of
- 17 pedestrian skyways.
- 18 (14) Accept loans, grants, and other forms of financial assistance
- 19 from the federal government, the state government, a municipal
- 20 corporation, a special taxing district, a foundation, or any other
- 21 source.
- 22 (15) Provide financial assistance (including grants and loans) to
- 23 enable individuals and families to purchase or lease residential
- 24 units within the district. However, financial assistance may be
- 25 provided only to those individuals and families whose income is
- 26 at or below the county's median income for individuals and
- 27 families, respectively.
- 28 (16) Provide financial assistance (including grants and loans) to
- 29 neighborhood development corporations to permit them to:
- 30 (A) provide financial assistance for the purposes described in
- 31 subdivision (15); or
- 32 (B) construct, rehabilitate, or repair commercial property
- 33 within the district.
- 34 (17) Require as a condition of financial assistance to the owner of
- 35 a multiunit residential structure that any of the units leased by the
- 36 owner must be leased:
- 37 (A) for a period to be determined by the commission, which
- 38 may not be less than five (5) years;
- 39 (B) to families whose income does not exceed eighty percent
- 40 (80%) of the county's median income for families; and
- 41 (C) at an affordable rate.
- 42 Conditions imposed by the commission under this subdivision

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- 1 remain in force throughout the period determined under clause
- 2 (A), even if the owner sells, leases, or conveys the property. The
- 3 subsequent owner or lessee is bound by the conditions for the
- 4 remainder of the period.
- 5 (18) Provide programs in job training, job enrichment, and basic
- 6 skill development for residents of an enterprise zone.
- 7 (19) Provide loans and grants for the purpose of stimulating
- 8 business activity in an enterprise zone or providing employment
- 9 for residents of an enterprise zone.
- 10 (20) Contract for the construction, extension, or improvement of:
- 11 (A) public ways, sidewalks, sewers, waterlines, parking
- 12 facilities, park or recreational areas, or other local public
- 13 improvements (as defined in IC 36-7-15.3-6) or structures that
- 14 are necessary for redevelopment of areas needing
- 15 redevelopment or economic development within the
- 16 redevelopment district; or
- 17 (B) any structure that enhances development or economic
- 18 development.
- 19 **(21) Subject to prior approval by the fiscal body of the unit**
- 20 **that established the redevelopment commission, provide**
- 21 **financial assistance (including grants and loans) to the owner**
- 22 **of commercial property within a redevelopment project area**
- 23 **or economic development area designated by the**
- 24 **redevelopment commission under this chapter, to assist the**
- 25 **owner in constructing, rehabilitating, or repairing the**
- 26 **commercial property.**
- 27 (b) In addition to its powers under subsection (a), the commission
- 28 may plan and undertake, alone or in cooperation with other agencies,
- 29 projects for the redevelopment of, rehabilitating, preventing the spread
- 30 of, or eliminating slums or areas needing redevelopment, both
- 31 residential and nonresidential, which projects may include any of the
- 32 following:
- 33 (1) The repair or rehabilitation of buildings or other
- 34 improvements by the commission, owners, or tenants.
- 35 (2) The acquisition of real property.
- 36 (3) Either of the following with respect to environmental
- 37 contamination on real property:
- 38 (A) Investigation.
- 39 (B) Remediation.
- 40 (4) The demolition and removal of buildings or improvements on
- 41 buildings acquired by the commission where necessary for any of
- 42 the following:

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- 1 (A) To eliminate unhealthful, unsanitary, or unsafe conditions.
- 2 (B) To mitigate or eliminate environmental contamination.
- 3 (C) To lessen density.
- 4 (D) To reduce traffic hazards.
- 5 (E) To eliminate obsolete or other uses detrimental to public
- 6 welfare.
- 7 (F) To otherwise remove or prevent the conditions described
- 8 in IC 36-7-1-3.
- 9 (G) To provide land for needed public facilities.
- 10 (5) The preparation of sites and the construction of improvements
- 11 (such as public ways and utility connections) to facilitate the sale
- 12 or lease of property.
- 13 (6) The construction of buildings or facilities for residential,
- 14 commercial, industrial, public, or other uses.
- 15 (7) The disposition in accordance with this chapter, for uses in
- 16 accordance with the plans for the projects, of any property
- 17 acquired in connection with the projects.
- 18 (c) The commission may use its powers under this chapter relative
- 19 to real property and interests in real property obtained by voluntary sale
- 20 or transfer, even though the real property and interests in real property
- 21 are not located in a redevelopment or urban renewal project area
- 22 established by the adoption and confirmation of a resolution under
- 23 sections 8(c), 9, 10, and 11 of this chapter. In acquiring real property
- 24 and interests in real property outside of a redevelopment or urban
- 25 renewal project area, the commission shall comply with section 12(b)
- 26 through 12(e) of this chapter. The commission shall hold, develop, use,
- 27 and dispose of this real property and interests in real property
- 28 substantially in accordance with section 15 of this chapter.
- 29 (d) As used in this section, "pedestrian skyway" means a pedestrian
- 30 walkway within or outside of the public right-of-way and through and
- 31 above public or private property and buildings, including all structural
- 32 supports required to connect skyways to buildings or buildings under
- 33 construction. Pedestrian skyways constructed, extended, or improved
- 34 over or through public or private property constitute public property
- 35 and public improvements, constitute a public use and purpose, and do
- 36 not require vacation of any public way or other property.
- 37 (e) All powers that may be exercised under this chapter by the
- 38 commission may also be exercised by the commission in carrying out
- 39 its duties and purposes under IC 36-7-15.3.
- 40 SECTION 4. IC 36-7-15.1-26, AS AMENDED BY P.L.112-2012,
- 41 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 42 JULY 1, 2013]: Sec. 26. (a) As used in this section:

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1 "Allocation area" means that part of a redevelopment project area
2 to which an allocation provision of a resolution adopted under section
3 8 of this chapter refers for purposes of distribution and allocation of
4 property taxes.

5 "Base assessed value" means the following:

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

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

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

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

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

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

30 (3) If:

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

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

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

41 (4) Except as provided in subdivision (5), for all other allocation
42 areas, the net assessed value of all the property as finally

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1 determined for the assessment date immediately preceding the
 2 effective date of the allocation provision of the declaratory
 3 resolution, as adjusted under subsection (h).
 4 (5) If an allocation area established in an economic development
 5 area before July 1, 1995, is expanded after June 30, 1995, the
 6 definition in subdivision (1) applies to the expanded part of the
 7 area added after June 30, 1995.
 8 (6) If an allocation area established in a redevelopment project
 9 area before July 1, 1997, is expanded after June 30, 1997, the
 10 definition in subdivision (2) applies to the expanded part of the
 11 area added after June 30, 1997.

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

25 (b) A resolution adopted under section 8 of this chapter on or before
 26 the allocation deadline determined under subsection (i) may include a
 27 provision with respect to the allocation and distribution of property
 28 taxes for the purposes and in the manner provided in this section. A
 29 resolution previously adopted may include an allocation provision by
 30 the amendment of that resolution on or before the allocation deadline
 31 determined under subsection (i) in accordance with the procedures
 32 required for its original adoption. A declaratory resolution or an
 33 amendment that establishes an allocation provision after June 30, 1995,
 34 must specify an expiration date for the allocation provision. For an
 35 allocation area established before July 1, 2008, the expiration date may
 36 not be more than thirty (30) years after the date on which the allocation
 37 provision is established. For an allocation area established after June
 38 30, 2008, the expiration date may not be more than twenty-five (25)
 39 years after the date on which the first obligation was incurred to pay
 40 principal and interest on bonds or lease rentals on leases payable from
 41 tax increment revenues. However, with respect to bonds or other
 42 obligations that were issued before July 1, 2008, if any of the bonds or

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1 other obligations that were scheduled when issued to mature before the
 2 specified expiration date and that are payable only from allocated tax
 3 proceeds with respect to the allocation area remain outstanding as of
 4 the expiration date, the allocation provision does not expire until all of
 5 the bonds or other obligations are no longer outstanding. The allocation
 6 provision may apply to all or part of the redevelopment project area.
 7 The allocation provision must require that any property taxes
 8 subsequently levied by or for the benefit of any public body entitled to
 9 a distribution of property taxes on taxable property in the allocation
 10 area be allocated and distributed as follows:

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

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

15 or

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

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

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

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

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

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

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- 1 (D) Pay the principal of and interest on bonds issued by the
- 2 consolidated city to pay for local public improvements that are
- 3 physically located in or physically connected to that allocation
- 4 area.
- 5 (E) Pay premiums on the redemption before maturity of bonds
- 6 payable solely or in part from allocated tax proceeds in that
- 7 allocation area.
- 8 (F) Make payments on leases payable from allocated tax
- 9 proceeds in that allocation area under section 17.1 of this
- 10 chapter.
- 11 (G) Reimburse the consolidated city for expenditures for local
- 12 public improvements (which include buildings, parking
- 13 facilities, and other items set forth in section 17 of this
- 14 chapter) that are physically located in or physically connected
- 15 to that allocation area.
- 16 (H) Reimburse the unit for rentals paid by it for a building or
- 17 parking facility that is physically located in or physically
- 18 connected to that allocation area under any lease entered into
- 19 under IC 36-1-10.
- 20 (I) Reimburse public and private entities for expenses incurred
- 21 in training employees of industrial facilities that are located:
- 22 (i) in the allocation area; and
- 23 (ii) on a parcel of real property that has been classified as
- 24 industrial property under the rules of the department of local
- 25 government finance.
- 26 However, the total amount of money spent for this purpose in
- 27 any year may not exceed the total amount of money in the
- 28 allocation fund that is attributable to property taxes paid by the
- 29 industrial facilities described in this clause. The
- 30 reimbursements under this clause must be made within three
- 31 (3) years after the date on which the investments that are the
- 32 basis for the increment financing are made.
- 33 (J) Pay the costs of carrying out an eligible efficiency project
- 34 (as defined in IC 36-9-41-1.5) within the unit that established
- 35 the redevelopment commission. However, property tax
- 36 proceeds may be used under this clause to pay the costs of
- 37 carrying out an eligible efficiency project only if those
- 38 property tax proceeds exceed the amount necessary to do the
- 39 following:
- 40 (i) Make, when due, any payments required under clauses
- 41 (A) through (I), including any payments of principal and
- 42 interest on bonds and other obligations payable under this

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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.

(K) Provide financial assistance under section 7(a)(21) of this chapter.

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

(c) For the purpose of allocating taxes levied by or for any taxing

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1 unit or units, the assessed value of taxable property in a territory in the
 2 allocation area that is annexed by any taxing unit after the effective
 3 date of the allocation provision of the resolution is the lesser of:

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

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

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

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

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

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



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- 1 (1) To pay for programs in job training, job enrichment, and basic
 2 skill development designed to benefit residents and employers in
 3 the enterprise zone. The programs must reserve at least one-half
 4 (1/2) of the enrollment in any session for residents of the
 5 enterprise zone.
- 6 (2) To make loans and grants for the purpose of stimulating
 7 business activity in the enterprise zone or providing employment
 8 for enterprise zone residents in the enterprise zone. These loans
 9 and grants may be made to the following:
- 10 (A) Businesses operating in the enterprise zone.
- 11 (B) Businesses that will move their operations to the enterprise
 12 zone if such a loan or grant is made.
- 13 (3) To provide funds to carry out other purposes specified in
 14 subsection (b)(3). However, where reference is made in
 15 subsection (b)(3) to the allocation area, the reference refers for
 16 purposes of payments from the special zone fund only to that part
 17 of the allocation area that is also located in the enterprise zone.
- 18 (h) The state board of accounts and department of local government
 19 finance shall make the rules and prescribe the forms and procedures
 20 that they consider expedient for the implementation of this chapter.
 21 After each general reassessment of real property in an area under
 22 IC 6-1.1-4-4 and after each reassessment under a reassessment plan
 23 prepared under IC 6-1.1-4-4.2, the department of local government
 24 finance shall adjust the base assessed value one (1) time to neutralize
 25 any effect of the reassessment of the real property in the area on the
 26 property tax proceeds allocated to the redevelopment district under this
 27 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 28 department of local government finance shall adjust the base assessed
 29 value to neutralize any effect of the annual adjustment on the property
 30 tax proceeds allocated to the redevelopment district under this section.
 31 However, the adjustments under this subsection may not include the
 32 effect of property tax abatements under IC 6-1.1-12.1, and these
 33 adjustments may not produce less property tax proceeds allocable to
 34 the redevelopment district under subsection (b)(3) than would
 35 otherwise have been received if the general reassessment, reassessment
 36 under the reassessment plan, or annual adjustment had not occurred.
 37 The department of local government finance may prescribe procedures
 38 for county and township officials to follow to assist the department in
 39 making the adjustments.
- 40 (i) The allocation deadline referred to in subsection (b) is
 41 determined in the following manner:
- 42 (1) The initial allocation deadline is December 31, 2011.

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

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 346, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 4, delete lines 8 through 14, begin a new line block indented and insert:

"(28) Subject to prior approval by the fiscal body of the unit that established the redevelopment commission, provide financial assistance (including grants and loans) to the owner of commercial property within a redevelopment project area or economic development area designated by the redevelopment commission under this chapter, to assist the owner in constructing, rehabilitating, or repairing the commercial property. Financial assistance approved or provided before July 1, 2013, that would have been authorized by this subdivision if this subdivision had been in effect when the assistance was approved or provided is legalized and validated."

Page 12, after line 38, begin a new paragraph and insert:

"SECTION 3. IC 36-7-15.1-7, AS AMENDED BY P.L.146-2008, SECTION 744, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) In carrying out its duties and purposes under this chapter, the commission may do the following:

- (1) Acquire by purchase, exchange, gift, grant, lease, or condemnation, or any combination of methods, any real or personal property or interest in property needed for the redevelopment of areas needing redevelopment that are located within the redevelopment district.
- (2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, invest in, or otherwise dispose of, through any combination of methods, property acquired for use in the redevelopment of areas needing redevelopment on the terms and conditions that the commission considers best for the city and its inhabitants.
- (3) Acquire from and sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the city, or to any other governmental agency, for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes, on any terms that may be agreed upon.
- (4) Clear real property acquired for redevelopment purposes.
- (5) Enter on or into, inspect, investigate, and assess real property

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and structures acquired or to be acquired for redevelopment purposes to determine the existence, source, nature, and extent of any environmental contamination, including the following:

- (A) Hazardous substances.
 - (B) Petroleum.
 - (C) Other pollutants.
- (6) Remediate environmental contamination, including the following, found on any real property or structures acquired for redevelopment purposes:
- (A) Hazardous substances.
 - (B) Petroleum.
 - (C) Other pollutants.
- (7) Repair and maintain structures acquired or to be acquired for redevelopment purposes.
- (8) Enter upon, survey, or examine any land, to determine whether it should be included within an area needing redevelopment to be acquired for redevelopment purposes, and determine the value of that land.
- (9) Appear before any other department or agency of the city, or before any other governmental agency in respect to any matter affecting:
- (A) real property acquired or being acquired for redevelopment purposes; or
 - (B) any area needing redevelopment within the jurisdiction of the commission.
- (10) Subject to section 13 of this chapter, exercise the power of eminent domain in the name of the city, within the redevelopment district, in the manner prescribed by this chapter.
- (11) Establish a uniform fee schedule whenever appropriate for the performance of governmental assistance, or for providing materials and supplies to private persons in project or program related activities.
- (12) Expend, on behalf of the redevelopment district, all or any part of the money available for the purposes of this chapter.
- (13) Contract for the construction, extension, or improvement of pedestrian skyways.
- (14) Accept loans, grants, and other forms of financial assistance from the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.
- (15) Provide financial assistance (including grants and loans) to enable individuals and families to purchase or lease residential

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units within the district. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

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

(A) provide financial assistance for the purposes described in subdivision (15); or

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

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

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

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

(C) at an affordable rate.

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

(18) Provide programs in job training, job enrichment, and basic skill development for residents of an enterprise zone.

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

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

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

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

(21) Subject to prior approval by the fiscal body of the unit that established the redevelopment commission, provide financial assistance (including grants and loans) to the owner of commercial property within a redevelopment project area or economic development area designated by the

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redevelopment commission under this chapter, to assist the owner in constructing, rehabilitating, or repairing the commercial property.

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

- (1) The repair or rehabilitation of buildings or other improvements by the commission, owners, or tenants.
- (2) The acquisition of real property.
- (3) Either of the following with respect to environmental contamination on real property:
 - (A) Investigation.
 - (B) Remediation.
- (4) The demolition and removal of buildings or improvements on buildings acquired by the commission where necessary for any of the following:
 - (A) To eliminate unhealthful, unsanitary, or unsafe conditions.
 - (B) To mitigate or eliminate environmental contamination.
 - (C) To lessen density.
 - (D) To reduce traffic hazards.
 - (E) To eliminate obsolete or other uses detrimental to public welfare.
 - (F) To otherwise remove or prevent the conditions described in IC 36-7-1-3.
 - (G) To provide land for needed public facilities.
- (5) The preparation of sites and the construction of improvements (such as public ways and utility connections) to facilitate the sale or lease of property.
- (6) The construction of buildings or facilities for residential, commercial, industrial, public, or other uses.
- (7) The disposition in accordance with this chapter, for uses in accordance with the plans for the projects, of any property acquired in connection with the projects.

(c) The commission may use its powers under this chapter relative to real property and interests in real property obtained by voluntary sale or transfer, even though the real property and interests in real property are not located in a redevelopment or urban renewal project area established by the adoption and confirmation of a resolution under sections 8(c), 9, 10, and 11 of this chapter. In acquiring real property

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

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

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

SECTION 4. IC 36-7-15.1-26, AS AMENDED BY P.L.112-2012, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 26. (a) As used in this section:

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

"Base assessed value" means the following:

- (1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.
- (2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory

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

(3) If:

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

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

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

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

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

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

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

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the taxes imposed under IC 6-1.1 on all depreciable personal property.

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

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

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

(B) the base assessed value;

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

(2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public question conducted after April 30, 2010, not otherwise included

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in subdivision (1) shall be allocated to and, when collected, paid into the funds of the taxing unit for which the referendum or local public question was conducted.

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

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

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

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

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

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industrial property under the rules of the department of local government finance.

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

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

(K) Provide financial assistance under section 7(a)(21) of this chapter.

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).

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

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

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

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

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

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

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

(g) If any part of the allocation area is located in an enterprise zone

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

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

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

(A) Businesses operating in the enterprise zone.

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

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

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment of real property in an area under IC 6-1.1-4-4 and after each reassessment under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government

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

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

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

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 346 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 11, Nays 0.

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