TITLE 20
STATE BOARD OF ACCOUNTS

ARTICLE 1. FIELD EXAMINERS

Rule 1. Examination and Appointment; Alteration of Forms by Board

20 IAC 1-1-1 Examination; period of effectiveness

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7

Sec. 1. (a) All applicants for appointment as a field examiner shall be required to pass an examination to be held at a time and place fixed by the state board of accounts. All applicants who successfully pass such examination to the satisfaction of the state board of accounts shall thereafter be eligible for appointment as a field examiner for a period of five (5) years from the date when such examination was held and no longer.

(b) Individuals possessing either of the following minimum qualifications shall be deemed to have passed the examination:

(1) Master's degree, baccalaureate degree, or postbaccalaureate certificate (or currently enrolled in final semester of same) with a:

(A) major in accounting; and

(B) cumulative grade point average of 2.8 on a 4.0 scale (or equivalent).

(2) Successful completion of all parts of the uniform certified public accountant examination.

(State Board of Accounts; Rule 1; filed Feb 15, 1946, 1:45 p.m.: Rules and Regs. 1947, p. 589; filed Jan 5, 2000, 3:57 p.m.: 23 IR 1090; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 1-1-2 Notice of time and place of examination

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7; IC 5-11-1-8

Sec. 2. Notice of the time and place for holding examinations of applicants for examination and appointment as a field examiner shall be given by publication one time in each of two newspapers printed and published in the city of Indianapolis, which publications shall be made not less than thirty days before the date fixed for holding such examination. *(State Board of Accounts; Rule 2; filed Feb 15, 1946, 1:45 pm: Rules and Regs. 1947, p. 589; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 1-1-3 Applications for examination and appointment

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7

Sec. 3. (a) All applications for examination and appointment as a field examiner shall be:

(1) made on a form prepared and furnished by the state board of accounts; and

(2) filed with the state board of accounts not less than ten (10) days before the date fixed for holding such examination.

(b) Candidates wishing to pass the examination by meeting the minimum qualification standards in section 1(b) of this rule must submit the following along with their application:

(1) Current certified transcript of college courses.

(2) Proof of successful completion of uniform certified public accountant examination, if applicable.

(State Board of Accounts; Rule 3; filed Feb 15, 1946, 1:45 p.m.: Rules and Regs. 1947, p. 589; filed Jan 5, 2000, 3:57 p.m.: 23 IR 1090; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 1-1-4 Preparation of examination

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7; IC 5-11-1-8

Sec. 4. All questions and problems used in the examination of applicants for examination and appointment as a field examiner shall be prepared by and/or under the direct supervision of the State Board of Accounts. Particular care shall be exercised and all necessary safeguards shall be established to prevent any question or problem becoming available, prior to the time of the holding of such examination, to any applicant or to any person other than the members of the State Board of Accounts. The same series of questions and problems shall not be used in any subsequent examination. *(State Board of Accounts; Rule 4; filed Feb 15, 1946, 1:45 pm: Rules and Regs. 1947, p. 589; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 1-1-5 Criteria for appointment

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7

Sec. 5. All field examiners shall be appointed by the state examiner. Any person appointed as a field examiner shall have previously successfully passed an examination, as provided in section 1 of this rule, and the state examiner in making any such appointment may consider the known and ascertained character, ability, reputation, education, and experience of the applicant for appointment. The decision of the state examiner shall be final. *(State Board of Accounts; Rule 5; filed Feb 15, 1946, 1:45 p.m.; Rules and Regs. 1947, p. 590; filed Jan 5, 2000, 3:57 p.m.: 23 IR 1090; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 1-1-6 Certificate of appointment; oath; bond

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7; IC 5-11-1-8

Sec. 6. The State Examiner shall issue a certificate of appointment to each field examiner appointed, who shall take and subscribe the oath endorsed on the reverse thereof before the Clerk of the Supreme and Appellate Courts and file a copy thereof with the Secretary of State together with the bond required by law. *(State Board of Accounts; Rule 6; filed Feb 15, 1946, 1:45 pm: Rules and Regs. 1947, p. 590; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 1-1-7 Certificate of authority

Authority: IC 5-11-1-8
Affected: IC 5-11-1-7; IC 5-11-1-8

Sec. 7. Each state examiner, upon assuming office, shall provide each field examiner with a certificate showing his official character and evidencing his authority for use whenever needed in the discharge of his official duties. *(State Board of Accounts; Rule 7; filed Feb 15, 1946, 1:45 pm: Rules and Regs. 1947, p. 590; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 1-1-8 Modification of forms

Authority: IC 5-11-1-8
Affected: IC 5-11-1-2; IC 5-11-1-6

Sec. 8. The State Board of Accounts may, from time to time, approve minor alterations and changes in forms prescribed as provided by law upon application by units of government or the proper officer or officers thereof showing the need therefor. Any such approval of alteration or change of prescribed forms shall apply only to the specific approval and shall not be construed as an authorization for general use. *(State Board of Accounts; Rule 8; filed Feb 15, 1946, 1:45 pm: Rules and Regs. 1947, p. 590; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

ARTICLE 2. TAX INCREMENT FINANCE

NOTE: This article was jointly promulgated with the state board of tax commissioners and also appears at 50 IAC 8.

Rule 1. Definitions

20 IAC 2-1-1 "Additional credit" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 8-22-3.5; IC 36-7-14-39.5

Sec. 1. As used in this article, "additional credit" means the additional property tax credit established in IC 36-7-14-39.5. *(State Board of Accounts; 20 IAC 2-1-1; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-2 "Allocation area" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39-2; IC 8-22-3.5

Sec. 2. As used in this article, "allocation area" means: (1) the part of a blighted area to which an allocation provision of a declaratory resolution, adopted under IC 36-7-14-15 (or IC 36-7-15.1-8 for Marion County),

refers for purposes of distribution and allocation of property taxes;

(2) an economic development area that has been designated as an allocation area pursuant to IC 36-7-14-41 and IC 36-7-14-43 or pursuant to IC 36-7-15.1-29 through IC 36-7-15.1-30;

(3) an allocation area established under IC 36-7-15.1-32 with respect to a program for housing; or

(4) an economic development district declared under IC 6-1.1-39-2.

(State Board of Accounts; 20 IAC 2-1-2; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 2-1-3 "Allocation area assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 3. As used in this article, "allocation area assessment" means the current aggregate assessed value of allocation area real property and allocation area personal property. *(State Board of Accounts; 20 IAC 2-1-3; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-4 "Allocation area personal property" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 4. As used in this article, "allocation area personal property" means depreciable personal property in an allocation area that is subject to property taxes and that has been included in the tax increment program pursuant to a resolution adopted by a redevelopment commission that is eligible to adopt such a resolution. (See 20 IAC 2-2-2(b).) *(State Board of Accounts; 20 IAC 2-1-4; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-5 "Allocation area real property" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 5. As used in this article, "allocation area real property" means all of the individual parcels of real property located in an allocation area. *(State Board of Accounts; 20 IAC 2-1-5; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-6 "Assessed value" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 6. As used in this article, "assessed value" or "assessed valuation" means net assessed value unless otherwise specified. *(State Board of Accounts; 20 IAC 2-1-6; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-7 "Base assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 8-22-3.5; IC 36-7-15.1-32

Sec. 7. As used in this article, "base assessment" means the aggregate assessed valuation of all allocation area real property and allocation area personal property as of the base assessment date. However, the "base assessment" in an allocation area established under IC 36-7-15.1-32 with respect to a program for housing does not include the assessed value of real property improvements as of the base assessment date. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units. *(State Board of Accounts; 20 IAC 2-1-7; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1338; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-8 "Base assessment date" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 8. As used in this article, "base assessment date" means the March 1 that immediately precedes the effective date of a declaratory resolution by the redevelopment commission that either establishes an allocation area or adds new area to an existing allocation area. (If the effective date is March 1, the immediately preceding March 1 is the base assessment date.) *(State Board of Accounts; 20 IAC 2-1-8; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-9 "Blighted" defined

Authority: IC 36-7-14; IC 36-7-15.1
Affected: IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 9. As used in this article, "blighted" means with respect to units subject to IC 36-7-14 "blighted" and with respect to units subject to IC 36-7-15.1 "blighted, deteriorated, or deteriorating." *(State Board of Accounts; 20 IAC 2-1-9; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-10 "Captured assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 10. As used in this article, "captured assessment" means the amount of allocation area assessment used to calculate the tax increment. *(State Board of Accounts; 20 IAC 2-1-10; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-11 "Captured assessment individual component" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 11. As used in this article, "captured assessment individual component" means, with respect to a parcel of allocation area real property or a return of allocation area personal property, the component of assessed valuation that, when aggregated with all other captured assessment individual components, constitutes the captured assessment. *(State Board of Accounts; 20 IAC 2-1-11; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-12 "Current base assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 12. As used in this article, "current base assessment" means the base assessment plus the uncaptured assessment. The amount of this assessed value is used in the calculation of a tax rate by each taxing unit in which the allocation area is located. *(State Board of Accounts; 20 IAC 2-1-12; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-13 "Current base assessment individual component" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 13. As used in this article, "current base assessment individual component" means, with respect to a parcel of allocation area real property or a return of allocation area personal property, the component of assessed value that, when aggregated with all other current base assessment individual components, constitutes the current base assessment. *(State Board of Accounts; 20 IAC 2-1-13; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-14 "Housing program credit" defined

Authority: IC 36-7-15.1-35
Affected: IC 8-22-3.5; IC 36-7-15.1-35

Sec. 14. As used in this article, "housing program credit" means the credit established under IC 36-7-15.1-35 with respect to a program for housing. *(State Board of Accounts; 20 IAC 2-1-14; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-15 "Original base assessment individual real property component" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 15. As used in this article, "original base assessment individual real property component" means, with respect to a parcel of allocation area real property, a component of assessed value that is no greater than the assessed value of the parcel as of the base assessment date. If the assessed value of the parcel in a later year is the same as or greater than its assessed value as of the base assessment date, the component in the later year equals the assessed value of the parcel as of the base assessment date. If the assessed value of the parcel in a later year is less than its assessed value as of the base assessment date, the component in the later year equals the actual assessed value of the parcel as of the assessment date of that later year. *(State Board of Accounts; 20 IAC 2-1-15; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-16 "Potential captured assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 16. As used in this article, "potential captured assessment" means the amount by which the allocation area assessment exceeds the base assessment. *(State Board of Accounts; 20 IAC 2-1-16; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1339; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-17 "Potential captured assessment individual component" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 17. As used in this article, "potential captured assessment individual component" means, with respect to a parcel of allocation area real property or a return of allocation area personal property, the component of assessed valuation that, when aggregated with all other potential captured assessment individual components, constitutes the potential captured assessment. *(State Board of Accounts; 20 IAC 2-1-17; filed Jan 30, 1989,*

2:40 p.m.: 12 IR 1340; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 2-1-18 "PTR credit" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-21; IC 8-22-3.5

Sec. 18. "PTR credit" means the property tax replacement credit provided under IC 6-1.1-21. *(State Board of Accounts; 20 IAC 2-1-18; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1340; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-19 "Redevelopment commission" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39-2; IC 8-22-3.5; IC 36-3-4-23; IC 36-7-14-6.1

Sec. 19. As used in this article, "redevelopment commission" means a redevelopment commission appointed under IC 36-7-14-6.1, a metropolitan development commission acting as the redevelopment commission of a consolidated city subject to IC 36-3-4-23, or a fiscal body of a unit that declares an economic development district under IC 6-1.1-39-2. The term redevelopment commission refers to all of these entities unless the context indicates otherwise. *(State Board of Accounts; 20 IAC 2-1-19; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1340; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-20 "Tax increment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 20. As used in this article, "tax increment" means the property taxes generated from the captured assessment. *(State Board of Accounts; 20 IAC 2-1-20; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1340; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-1-21 "Uncaptured assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 21. As used in this article, "uncaptured assessment" means the amount of potential captured assessment which the redevelopment commission does not use to generate tax increment. *(State Board of Accounts; 20 IAC 2-1-21; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1340; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

Rule 2. Determination and Use of Tax Increment

20 IAC 2-2-1 Summary of rule

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 1. This rule applies to the establishment of allocation areas by redevelopment commissions and to the generation and use of tax increment in those areas. The following subject areas will be addressed by these rules:

(1) Section 2 of this rule addresses the designation of the geographical boundaries of an allocation area by the redevelopment commission, the findings that must be made before an allocation area is designated, and the determination whether the program includes allocation area personal property.

(2) Section 3 of this rule addresses the effect on the base assessment of a change of the size of an allocation area or a change of the base assessment date.

(3) Section 4 of this rule addresses the calculation of the potential captured assessment and the captured assessment.

(4) Section 5 of this rule addresses the application of the property tax rate of each taxing unit to the assessed valuation of the taxing unit both within and without the allocation area.

(5) Section 6 of this rule describes the application of the PTR credit, the additional credit, and the housing program credit.

(6) Sections 7 through 8 of this rule describe the records that the county auditor must keep when there is not, and when there is, tax increment.

(7) Sections 9 through 10 of this rule are examples of the apportionment of individual assessments under a program that includes only real property and under a program that includes both real and personal property.

(8) Section 11 addresses the method for determining captured assessments when less than the full amount of potential captured assessment is required to generate the needed tax increment.

(9) Section 12 of this rule describes the adjustments that the state board of tax commissioners must make

after a general reassessment of real property.

(10) Section 13 of this rule describes the permissible uses of tax increment by the redevelopment commission.

(State Board of Accounts; 20 IAC 2-2-1; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1340; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 2-2-2 Allocation area designation

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1; IC 8-22-3.5; IC 36-7-1-3; IC 36-7-14; IC 36-7-15.1

Sec. 2. (a) A redevelopment commission that designates an allocation area or amends an area declaration must immediately notify the state board of tax commissioners of the designation.

(b) This subsection applies only to redevelopment commissions established under IC 36-7-14 and metropolitan development commissions acting as redevelopment commissions. A redevelopment commission declares an area to be blighted under IC 36-7-14-15 or IC 36-7-15.1-8 by adopting a resolution. The commission may designate an allocation area in the same resolution. A redevelopment commission may also amend a prior resolution that declared a blighted area to add an allocation area by following the same procedure contained in IC 36-7-14-15 through IC 36-7-14-18 or IC 36-7-15.1-8 through IC 36-7-15.1-11. An allocation area may also be created in an economic development area established under IC 36-7-14-41 or IC 36-7-15.1-29. In order for a redevelopment commission to be eligible to include taxes imposed on allocation area personal property in the tax increment finance program, it must have adopted a resolution before June 1, 1987, to include taxes imposed on depreciable personal property that has a useful life in excess of eight (8) years (personal property reportable on Total Pool 3 line 40 and Total Pool 4 line 55 on Form 103, Long Form). If such a resolution was adopted before that date, the redevelopment commission may adopt a new resolution to include a percentage of taxes imposed on all allocation area personal property in the tax increment finance program. That percentage may not exceed twenty-five percent (25%). If the redevelopment commission fails to adopt a new resolution, then no personal property taxes are included in the program.

(c) This subsection applies only to redevelopment commissions established under IC 36-7-14 and metropolitan development commissions acting as redevelopment commissions. In order to declare a blighted area, the redevelopment commission must find that the area meets the definition in IC 36-7-1-3, that the area has become blighted to an extent that it cannot be corrected by regulatory processes or by the ordinary operations of private enterprise without resort to the provisions of IC 36-7-14 or IC 36-7-15.1, and that the public health and welfare will be benefited by the acquisition and redevelopment of the area. The redevelopment commission may declare any part of the blighted area as an allocation area. Given the statutes' use of the term "blighted" and the finding that must be made before a redevelopment commission may adopt a declaratory resolution, the declaration of a blighted area may include only a limited area. In the typical situation, the geographic description uses city streets or similar boundaries to carve out from a political subdivision only that portion that is truly blighted. It is unlikely that the boundaries of the blighted area coincide with those of a city or any other political subdivision.

(d) This subsection applies only to redevelopment commissions established under IC 36-7-14 and metropolitan development commissions acting as redevelopment commissions. In order to implement tax increment finance in an economic development area, the redevelopment commission must find that the area meets the following:

(1) That the plan for the economic development area:
  (A) promotes significant opportunities for the gainful employment of its citizens;
  (B) attracts a major new business enterprise to the unit;
  (C) retains or expands a significant business enterprise existing in the boundaries of the unit; or
  (D) meets other purposes of IC 36-7-14-2.5, IC 36-7-14-41, and IC 36-7-15.1-28 through IC 36-7-15.1-30.

(2) That the plan for the economic development area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resorting to the powers allowed under IC 36-7-14-41, IC 36-7-14-43, and IC 36-7-15.1-28 through IC 36-7-15.1-30 because of:
  (A) lack of local public improvement;
  (B) existence of improvements or conditions that lower the value of the land below that of nearby land;
  (C) multiple ownership of land; or
  (D) other similar conditions.

(3) That the public health and welfare will be benefited by accomplishment of the plan for the economic development area.

(4) That the accomplishment of the plan for the economic development area will be a public utility and benefit as measured by:
  (A) attraction or retention of permanent jobs;
  (B) increase in the property tax base;
  (C) improved diversity of the economic base; or
  (D) other similar public benefits.

(5) That the plan for the economic development area

conforms to other development or redevelopment plans for the unit (the comprehensive plan of development in the case of a consolidated city).

(e) This subsection applies only to a metropolitan development commission acting as a redevelopment commission. In order to implement tax increment finance in an allocation area established under IC 36-7-15.1-32 with respect to a program for housing, the commission must find the following:

(1) That the program meets the purposes of IC 36-7-15.1-31.

(2) That the program cannot be accomplished by regulatory processes or by the ordinary operation of private enterprise because of:

(A) lack of public improvements;

(B) existence of improvements or conditions that lower the value of the land below that of nearby land; or

(C) other similar conditions.

(3) That the public health and welfare will be benefited by accomplishment of the program.

(4) That the accomplishment of the program will be of public utility and benefit as measured by:

(A) provision of adequate housing for low and moderate income persons;

(B) increase in the property tax base; or

(C) other similar public benefits.

(5) That at least one-third (a) of the parcels in the allocation area established by the program are vacant.

(6) That at least three-fourths (¾) of the allocation area is used for residential purposes or is planned to be used for residential purposes.

(7) That at least one-third (a) of the residential units in the allocation area were constructed before 1941.

(8) That at least one-third (a) of the parcels in the allocation area have one (1) or more of the following characteristics:

(A) The dwelling unit on the parcel is not permanently occupied.

(B) The parcel is the subject of a governmental order, issued under a statute or ordinance, requiring the correction of a housing code violation or unsafe building condition.

(C) Two (2) or more property tax payments on the parcel are delinquent.

(D) The parcel is owned by local, state, or federal government.

(f) In order to implement tax increment finance in an economic development district declared under IC 6-1.1-39, the fiscal body of the unit must find the following:

(1) That in order to promote opportunities for the gainful employment of its citizens, the attraction of a new business enterprise to the unit, the retention or expansion of a business enterprise existing within the boundaries of the unit, or the preservation or enhancement of the tax base of the unit, an area under the fiscal body's jurisdiction should be declared an economic development district.

(2) That the public health and welfare of the unit will be benefited by the designating the area as an economic development district.

(3) That there has been proposed a qualified industrial development project to be located in the economic development district, with the proposal supported by:

(A) financial and economic data; and

(B) preliminary commitments by business enterprises, associations, state or federal governmental units, or similar entities that evidence a reasonable likelihood that the proposed qualified industrial development project will be initiated and accomplished.

(g) A tax increment finance program in an economic development district declared under IC 6-1.1-39 may include any part of the property taxes imposed on depreciable personal property that the taxing unit has by ordinance allocated to the district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives. The limitation must instead be stated as a percentage of the assessed value of the personal property. If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under IC 6-1.1-39-5(g)(2).

(h) It is unlikely that the boundaries of an economic development area, of an allocation area established under IC 36-7-15.1-32 with respect to a program for housing, or of an economic development district declared under IC 6-1.1-39-2 will coincide with those of a city or any other political subdivision. The declaration of an extensive area might violate the enabling statutes and might cause severe problems in administering the tax increment finance program. The greater the number of parcels of allocation area real property (and returns of allocation area personal property if it is part of the program), the greater is the difficulty in determining the potential captured assessment. *(State Board of Accounts; 20 IAC 2-2-2; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1341; errata filed Sep 5, 1989, 3:20 p.m.: 13 IR 87; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-3 Allocation area changes; required information

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1-10.5; IC 36-7-15.1-26.1

Sec. 3. (a) The redevelopment commission must, before the first March 1 after the base assessment date, file with the county auditor a copy of the allocation area map, the confirmed resolution adopted by the redevelopment commission, lists of parcel identification numbers of real property in the allocation area, and names of owners of depreciable personal property in the allocation area (if personal property is included in the program). The redevelopment commission must file with the county auditor the same information before the March 1 that next follows the adoption of a resolution that increases the size of an allocation area. If a redevelopment commission changes the base assessment date in an allocation area, it must, before March 1 that next follows the adoption of the resolution changing the base assessment date, file a copy of the resolution adopted by the redevelopment commission with the county auditor. The county auditor must maintain a yearly record of assessed valuation of allocation area real and personal property as it is affected by the computations described in sections 7 through 10 of this rule.

(b) If the redevelopment commission changes the base assessment date, the base assessment is determined as of the new base assessment date. Except as provided in IC 36-7-15.1-10.5 and IC 36-7-15.1-26.1 with respect to a metropolitan development commission, a redevelopment commission can adopt a resolution to change the base assessment date by using the same procedures for adoption of an allocation area resolution.

(c) If the redevelopment commission adopts a resolution to increase the size of an allocation area, the base assessment is determined for the added area as if it were a separately declared allocation area.

(d) If the redevelopment commission adopts a resolution to merge or consolidate existing allocation areas, the base assessment and base assessment date remain the same as they were before the merger or consolidation. However, the redevelopment commission may, in that resolution, designate a later base assessment date for any of the allocation areas that are merged or consolidated under the resolution. Before the March 1 that next follows the adoption of the resolution that consolidates existing allocation areas, the redevelopment commission must file with the county auditor a copy of the merger or consolidation resolution. *(State Board of Accounts; 20 IAC 2-2-3; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1343; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-4 Allocation of assessed value

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14-39; IC 36-7-15.1

Sec. 4. (a) For purposes of this section, obligations of a redevelopment commission are considered to include the payment of all obligations payable from tax increment as described in section 13 of this rule, and the funding of all accounts and reserves that might be required under a contract with bondholders or with lessors in lease financings.

(b) For purposes of the collection of tax increment in a particular year, all of the potential captured assessment is captured assessment unless the redevelopment commission notifies the county auditor by July 15 of the immediately preceding year to use only part of the potential captured assessment as captured assessment. This notice applies only to that particular year. The captured assessment may not exceed the potential captured assessment.

(c) Potential captured assessment may be captured only if tax increment is needed to satisfy obligations of the redevelopment commission. The redevelopment commission must determine before July 15 of each year whether the sum of the balance in the allocation fund plus estimated future investment earnings on that balance is sufficient to satisfy its obligations over the terms of those obligations. If so, the commission shall notify the county auditor by July 15 that no tax increment will be required in the following year, and that it is not necessary for any of the potential captured assessment to be captured. (However, see section 13(g) of this rule concerning the payment of collections to enterprise zone funds.) The redevelopment commission shall give the notice described in subsection (b) if it determines that capture of a portion of the potential captured assessment will result in a balance in the allocation fund in the following year that, when combined with future investment earnings on that balance and the resultant tax increment to be collected in the following year, will be sufficient to satisfy its obligations over the terms of those obligations.

(d) The redevelopment commission should consider giving the notice described in subsection (b) whenever it appears that the use of the entire potential captured assessment as captured assessment would generate more tax increment than will be needed to meet the obligations of the redevelopment commission. For purposes of determining the amount of potential captured assessment that will be captured, the redevelopment commission must consider the effect that the determination will have on the property tax rate in the taxing district in which the allocation area is located. The greater the amount of the potential captured assessment that is captured, the higher the tax rate and the tax increment will be.

(e) This subsection applies if notice has been given under subsection (b). To estimate the amount of potential captured assessment to be captured, the amount of tax increment that the redevelopment commission determines

should be collected in the following year is divided by an estimate of the tax rate for the following year in the taxing district in which the allocation area is located. The estimate of the tax rate can be based on the current year's tax rate, with adjustments for changes for the following year that will be caused by factors such as the addition or elimination of debt service or a cumulative fund by one (1) or more of the taxing units that are part of the taxing district. The determination must also take into account the percentage of tax increment billed that is expected to be collected, any applicable percentage of additional credit or housing program credit, and any credits to be paid to taxpayers under IC 36-7-14-39(b)(2)(I). The redevelopment commission should determine the captured assessment in consultation with the county auditor, and must determine the captured assessment in an amount that will ensure that the redevelopment commission will receive tax increment sufficient to pay its obligations that are payable from tax increment. The county auditor must report any uncaptured assessment to the taxing units in which the allocation area is located by August 1.

Example

Desired tax increment	= $10,000
Estimated tax rate	= $8 (.08)
Estimated collection rate	= 95%
Additional credit percentage	= 15%

(1) In order to collect ten thousand dollars ($10,000), taxes billed must be $10,000/.95 = $10,526.

(2) In order to bill ten thousand five hundred twenty-six dollars ($10,526), gross taxes (taxes before application of the additional credit) must be $10,526/.85 = $12,384.

(3) The amount of potential captured assessment to be captured in order to reflect gross taxes of twelve thousand three hundred eighty-four dollars ($12,384) is $12,384/.08 = $154,800.

(f) The sum of the uncaptured assessment and the base assessment equals the current base assessment. The current base assessment is subject to taxation by the taxing units and is used in calculating the property tax rates of the taxing units. *(State Board of Accounts; 20 IAC 2-2-4; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1343; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-5 Application of tax rate

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 5. The property tax rate established for each taxing unit in which the allocation area is located is applied to the aggregate assessed value of the property located outside of the allocation area and the current base assessment as calculated under section 4 of this rule. The resulting property taxes are collected for the benefit of the taxing unit. The captured assessment is subject to the combined property tax rates of the taxing units in which the allocation area is located. The resulting tax increment is collected for the benefit of the allocation area. *(State Board of Accounts; 20 IAC 2-2-5; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1344; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-6 PTR credit; additional credit; housing program credit

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-21; IC 8-22-3.5; IC 36-1-10; IC 36-7-14-39.5; IC 36-7-15.1-17.1; IC 36-7-15.1-35

Sec. 6. (a) In an allocation area established in an economic development district under IC 6-1.1-39, the PTR credit applies to property taxes on the current base assessment individual components and to tax increment if the district was established before January 1, 1988, and if the application of the credit was approved by the department of commerce before that date. In all other allocation areas, the PTR credit applies to property taxes on the current base assessment individual components, but not to tax increment.

(b) The additional credit applies to tax increment (except in Marion County and Fort Wayne). Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit does not apply in a specified allocation area, or that it is to be reduced by a uniform percentage for all taxpayers in a specified allocation area. Such a resolution first applies to property taxes payable in the year following the year of adoption of the resolution. Whenever a municipal legislative body or county executive determines that application of the full additional credit would adversely affect the interests of the holders of bonds or other contractual obligations payable from tax increment in a way that would create a reasonable expectation that those bonds or other obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. Such a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations in a way that would create a reasonable expectation that

the principal of or interest on the bonds or other obligations would not be paid when due.

(c) A housing program credit applies to tax increment in Marion County if the city-county legislative body establishes the credit by ordinance. The credit first applies to property taxes payable in the year following the year of adoption of the ordinance. In addition to the ordinance by the legislative body, the redevelopment commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under IC 36-7-15.1-17.1 or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

(d) The redevelopment commission may adopt a resolution to prorate the housing program credit among all taxpayers if the tax increment is insufficient to grant the credit in full. Such a resolution first applies to property taxes payable in the year following the year of adoption of the resolution.

(e) In order to ensure that a resolution to eliminate or reduce the additional credit or the housing program credit can be reflected in tax bills in a particular year, the resolution must be adopted by November 15 of the preceding year. The redevelopment commission must immediately notify the county auditor of the adoption. *(State Board of Accounts; 20 IAC 2-2-6; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1344; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-7 No tax increment; records

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 7. With respect to any year in which an allocation area is in place but there is no captured assessment, the entire allocation area assessment is subject to taxation by the taxing units in which the allocation area is located, and the PTR credit applies to all of the taxes on that assessment in the same manner that it applies to other property taxes imposed by the taxing units. Because there is no tax increment, there is no additional credit or housing program credit. The county auditor must record the aggregate change in assessed value from the base assessment date of all real property in the allocation area and any personal property in the allocation area that is part of the tax increment finance program. Each year that such a record is required, the county auditor shall provide the record to each taxing unit in which the allocation area is located in order to allow the units to evaluate the potential effect on their tax rates in any later year when the redevelopment commission requires tax increment. The county auditor shall also provide the record to the redevelopment commission. *(State Board of Accounts; 20 IAC 2-2-7; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1345; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-8 Tax increment; records

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 8. (a) With respect to any year in which an allocation area is in place and there is captured assessment, only the current base assessment is taxed by the taxing units in which the allocation area is located. The PTR credit applies to taxes on the current base assessment individual components in the same manner that it applies to taxes on property in the taxing district outside the allocation area. The PTR credit also applies to taxes on captured assessment individual components in an economic development district declared under IC 6-1.1-39 if the district was established before January 1, 1988, and if the application of the credit was approved by the department of commerce before that date. If the additional credit (not applicable in Marion County or Fort Wayne) or the housing program credit (applicable only in Marion County) is in place (see section 6 of this rule), the credit applies to taxes on the captured assessment individual components. If the percentage of credit on taxes on the current base assessment individual components differs from the percentage of credit on taxes on the captured assessment individual components, then those components must be determined with respect to each parcel of allocation area real property and any returns of allocation area personal property. If the percentage of credit on taxes on both components is the same, then the amounts of these components must be determined only with respect to parcels or returns on which taxes are wholly or partially delinquent in order to determine the allocation of taxes between the redevelopment commission and the taxing units. (This also applies in an economic development district declared under IC 6-1.1-39.)

(b) If a determination of the amounts of the current base assessment individual components and the captured assessment individual components is required as described in subsection (a), the county auditor must first perform the apportionment to restore the base assessment described in section 9 or 10 of this rule. This determines

the portion of the assessed value of each parcel of allocation area real property and of each return of personal property (if applicable) that is considered part of the base assessment, and the portion that is the potential captured assessment individual component. If all of the potential captured assessment is needed by the redevelopment commission to generate the tax increment, then each portion of an assessment that is determined under section 9 or 10 of this rule to be part of the base assessment equates to the current base assessment individual component, and each portion that is determined to be a potential captured assessment individual component equates to the captured assessment individual component. However, if the redevelopment commission does not use the full potential captured assessment (see section 4(c) through 4(d) of this rule), then apportionment under section 11 of this rule must be performed to determine the amounts of the current base assessment individual components and the captured assessment individual components.

(c) If a determination of the amounts of all current base assessment individual components and captured assessment individual components is not required as described in subsection (a), then it is necessary to determine the amounts of these components only with respect to parcels or returns on which taxes are wholly or partially delinquent. This subsection outlines the minimum number of calculations necessary to make that determination. The aggregate decreases of assessed value of all parcels of allocation area real property and all returns of allocation area personal property must be determined. This figure is added to the remainder of the base assessment subtracted from the current year's assessed value of all allocation area real and personal property, which results in the aggregate increase of assessed value of all parcels and returns. The aggregate increases are then divided by the aggregate decreases to determine the percentage of the assessment of each parcel on which taxes are wholly or partially delinquent that is the potential captured assessment individual component. (Then determine captured.) *(State Board of Accounts; 20 IAC 2-2-8; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1345; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-9 Apportionment; real property example

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 9. This section addresses the apportionment to restore the base assessment that might be required as described in section 8 of this rule. (This is required only if the percentage of credit on taxes on the current base assessment individual components differs from the percentage of credit on taxes on the captured assessment individual components.) This section deals with a tax increment finance program that includes only real property. If the current year's assessed value of some of the parcels of allocation area real property is lower than it was on the base assessment date, then those lower assessed values must be compared with the assessed values of parcels whose current year's assessed value is higher than it was on the base assessment date. From the assessed value of the parcels whose assessed value is higher than it was on the base assessment date, an amount must be apportioned to restore the base assessment. The base assessment is restored by adding the amount apportioned with respect to each such parcel to the original base assessment individual real property component of that parcel. The apportionment is in the proportion that the amount of the aggregate decreases in the assessed valuation of allocation area real property from the base assessment date to the current assessment date bears to the amount of the aggregate increases in the assessed valuation of allocation area real property from the base assessment date to the current assessment date.

Example

(1) Base assessment date is March 1, 1986.

(2) There are five (5) parcels of allocation area real property.

(3) AV = assessed valuation.

TABLE 1

	3/1/86 AV	3/1/88 AV	Increases	Decreases
Parcel #1	$10,000	$20,000	+ $10,000	
#2	20,000	5,000		- $15,000
#3	12,000	38,000	+ 26,000	
#4	6,000	3,000		- 3,000
#5	15,000	15,000		
	$63,000	$81,000	+ $36,000	- $18,000

(4) The AV of all allocation area real and personal property in 1986 is sixty-three thousand dollars ($63,000) (base assessment).

(5) The AV of all allocation area real property in 1988 is eighty-one thousand dollars ($81,000). The potential captured assessment in 1988 is $81,000 - $63,000 = $18,000.

(6) Table 2 lists the current AV of the original base assessment individual real property components.

TABLE 2

	1988 AV of the Original Base Assessment Individual Real Property Components
Parcel #1	$10,000
#2	5,000
#3	12,000

#4	3,000
#5	15,000
	$45,000

(7) The taxing units are actually entitled to tax AV in the amount at least equal to the base assessment, which was sixty-three thousand dollars ($63,000). Therefore, there must be an apportionment to the taxing units of part of the increases that occurred between 1986 and 1988 with respect to Parcels #1 and #3 in order to assign to the taxing units an additional eighteen thousand dollars ($18,000) from those increases to restore the base assessment. The apportionment is in the proportion that aggregate decreases in assessed valuation of allocation area real property from 1986 to 1988 (eighteen thousand dollars ($18,000)) bears to the aggregate increases in assessed valuation of allocation area real property from 1986 to 1988 (thirty-six thousand dollars ($36,000)). Therefore, the percentage of the increase in assessed valuation of each real property parcel whose AV is greater in 1988 than it was in 1986 that is assigned to restore the base assessment is fifty percent (50%) ($18,000/$36,000 = 50%).

TABLE 3

	AV Increase 1986 to 1988		Apportionment Percentage		Assigned to Taxing Units to Restore the Base Assessment
Parcel #1	$10,000	×	50%	=	$ 5,000
#3	26,000	×	50%	=	13,000
					$18,000

(8) The additional eighteen thousand dollars ($18,000) assigned to the taxing units to restore the base assessment of sixty-three thousand dollars ($63,000) is obtained by assigning five thousand dollars ($5,000) from the Parcel #1 increase and thirteen thousand dollars ($13,000) from the Parcel #3 increase. With respect to each parcel of allocation area real property, the following AV's (listed in the "Total" column) are considered part of the base assessment and are taxable by the taxing units in the same manner as property located outside of the allocation area:

TABLE 4

	1988 AV of the Original Base Assessment Individual Real Property Components		Apportionment of Increase from 1986 to 1988		Total
Parcel #1	$10,000	+	$ 5,000	=	$15,000
#2	5,000				5,000
#3	12,000	+	13,000	=	25,000
#4	3,000				3,000
#5	15,000				15,000
	$45,000		$18,000		$63,000

(9) The remainder of the increases in AV from 1986 to 1988 are considered to be potential captured assessment. The potential captured assessment individual components are as follows:

TABLE 5

	AV Increase 1986 to 1988		Apportioned to Taxing Units		Remainder
Parcel #1	$10,000	-	$ 5,000	=	$ 5,000
#3	26,000	-	13,000	=	13,000
	$36,000		$18,000		$18,000

(10) The AV taxable by the taxing units under Table 4 (sixty-three thousand dollars ($63,000)) plus the AV taxable by the redevelopment district under Table 5 (eighteen thousand dollars ($18,000)) equals the total March 1, 1988 AV (eighty-one thousand dollars ($81,000)).

(State Board of Accounts; 20 IAC 2-2-9; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1346; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 2-2-10 Apportionment; real and personal property example

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 10. (a) This section addresses the apportionment to restore the base assessment that might be required as described in section 8 of this rule. (This is required only if the percentage of credit on taxes on the current base assessment individual components differs from the percentage of credit on taxes on the captured assessment individual components.) This section deals with a tax increment finance program that includes both real and personal property. (See section 2(b) of this rule concerning the limited circumstances under which personal property may be included in the program.) For purposes of this subsection, it is assumed that the redevelopment commission has adopted a resolution to include twenty-five percent (25%) of depreciable personal property in the tax increment finance program under section 2(b) of this rule and that the base assessment date precedes March 1, 1988. The inclusion of personal property requires consideration of additional factors in the computation of the potential captured assessment. As described in section 9 of this rule, if the assessed values of some of the parcels of allocation area real property are higher than they were on the base assessment date, then the increases may be apportioned, if

necessary, to restore the base assessment. Any increases that are not used to restore the base assessment become part of the potential captured assessment.

(b) With respect to each personal property return that includes allocation area personal property, the assessed value of the property on the return as of the base assessment date must be compared to the assessed value of that property on the return as of the assessment date of the current year. If seventy-five percent (75%) of the assessed value as of the current assessment date is equal to or greater than the assessed value as of the base assessment date, then the full remaining twenty-five percent (25%) may be apportioned, if necessary, to restore the base assessment. If seventy-five percent (75%) of the assessed value as of the current assessment date is less than the assessed value as of the base assessment date, then any positive remainder obtained by subtracting the assessed value as of the base assessment date from the assessed value as of the current assessment date may be apportioned, if necessary, to restore the base assessment. In both cases, any amounts available to restore the base assessment that are not used for that purpose become part of the potential captured assessment.

(c) Restoration of the base assessment is required when the following amount is less than the base assessment:

(1) the sum of the assessed value as of the current year of all original base assessment individual real property components; plus

(2) the aggregate of the remaining current year assessed value of allocation area personal property after subtracting any portion of the assessed value that is available to restore the base assessment as described in subsection (b).

Example

(1) Base assessment date is March 1, 1986.

(2) There are three (3) parcels of allocation area real property and three (3) returns that include allocation area personal property.

(3) AV = assessed valuation.

		Column 1	Column 2		Column 3		Column 4
Parcel	A	$10,000	$24,000	(1)	$14,000	(1)	$10,000
	B	20,000	5,000				5,000
	C	12,000	18,000		6,000		12,000
Personal Property							
Return	X	12,000	16,000	(2)	4,000	(2)	12,000
	Y	9,000	6,000	(3)	-0-		6,000
	Z	10,000	12,000		2,000		10,000
		$73,000	$81,000	(4)	$26,000	(3)	$55,000
		Column 5			Column 6		Column 7
Parcel	A	$14,000 × .6923 =	$9,692	(1)	$19,692	(1)	$4,308
	B				5,000		
	C	6,000 × .6923 =	4,154		16,154		1,846
Personal Property							
Return	X	4,000 × .6923 =	2,769	(2)	14,769		1,231
	Y				6,000		
	Z	2,000 × .6923 =	1,385		11,385		615
			$18,000		$73,000	(2)	$8,000

Column 1

March 1, 1986 AV of all parcels of allocation area real property and returns of allocation area personal property. The total of Column 1 is the base assessment.

Column 2

March 1, 1988 AV of all parcels of allocation area real property and returns of allocation area personal property.

Column 3

(1) Increases in the AV of allocation area real property from 1986 to 1988 (Parcels A and C).

(2) Twenty-five percent (25%) of Column 2 if seventy-five percent (75%) of Column 2 is equal to or greater than Column 1 (Return X).

(3) If seventy-five percent (75%) of Column 2 is less than Column 1, then the remainder of Column 2 minus Column 1 (not less than zero (0)) is listed in Column 3 (Returns Y and Z).

(4) The total of Column 3 is the amount available to restore the base assessment.

Column 4

(1) The original base assessment individual real property components as of March 1, 1988 (all parcels).

(2) With respect to each personal property return, the remainder of the current year AV of allocation area personal property (from Column 2) minus the amount of AV that is available to restore the base assessment (from Column 3).

(3) The total of Column 4 is the amount of AV that is taxable by the taxing units in which the allocation area is located unless that total is less than the base assessment (total of Column 1). The remainder of the total of Column 1 minus the total of Column 4 ($73,000 - $55,000 = $18,000) must be restored from the amount of AV available for that purpose under Column 3 (twenty-six thousand dollars ($26,000)).

Column 5

From each amount in Column 3, a percentage is used for restoration of the base assessment. The percentage is the amount to be restored (the total of Column 1 minus the total of Column 4) divided by the amount available for that purpose from Column 3 ($18,000/$26,000 = 69.23% or .6923).

Column 6

(1) With respect to each parcel of real property, the sum of:

(A) the original base assessment individual real property components as of March 1, 1988, from Column 4(1); plus

(B) the portion of any real property AV increase from Column 3(1) that is computed for restoration of the base assessment under Column 5.

(2) With respect to each personal property return, the sum of:

(A) the amount of AV listed in Column 4(2); plus

(B) the portion of the AV from Column 3(2) and 3(3) that is computed for restoration of the base assessment under Column 5.

Note: With respect to each parcel and each return, the amount listed in Column 6 is the amount of the 1988 AV that is taxable by the taxing units in which the allocation area is located.

(3) The total of Column 6 is the restored base assessment.

Column 7

(1) Potential captured assessment individual components (all parcels and returns).

(2) Potential captured assessment. *(State Board of Accounts; 20 IAC 2-2-10; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1348; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-11 Determination of captured assessments

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 11. If pursuant to section 4 of this rule, it is determined that not all of the potential captured assessment is required in order to generate the needed tax increment, then there is a proportional decrease in the potential captured assessment individual components in order to determine the captured assessment individual components. Using the example from section 9 of this rule, if the redevelopment commission only uses twelve thousand dollars ($12,000) of assessed value instead of the entire amount of the potential captured assessment (eighteen thousand dollars ($18,000)), the captured assessment individual components are as follows:

	Proportion of AV Taxable by Redevelopment District		Uncaptured AV		Adjustment	Taxable by Taxing Units	Captured Assessment Individual Components
Parcel #1	($ 5,000/$18,000)	×	$6,000	=	$1,666.7	$16,666.7	$ 3,333.3
#3	($13,000/$18,000)	×	$6,000	=	$4,333.3	$29,333.3	$ 8,666.7
					$6,000		$12,000

(State Board of Accounts; 20 IAC 2-2-11; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1349; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)

20 IAC 2-2-12 Reassessment adjustments

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 12. (a) For purposes of this section, "adequate potential captured assessment" means an amount of potential captured assessment that is sufficient to produce tax increment that equals or exceeds the amount that would have been produced if the general reassessment had not occurred.

(b) The state board of tax commissioners is required to adjust the base assessment one (1) time to neutralize any effect of a general reassessment on the tax increment. The adjustment does not include the effect of property tax abatements under IC 6-1.1-12.1. This section establishes the guidelines for the adjustment.

(c) The state board of tax commissioners will determine a tentative new base assessment under this subsection only if it receives before August 1 of a year in which a general reassessment of real property first becomes effective, an estimate under IC 6-1.1-17-1 of the amount of assessed valuation in the political subdivisions of a county in which an allocation area is located. For that year, the board will determine two (2) quotients with respect to each allocation area. The first is the quotient of the gross assessed valuation of all real property in the allocation area as of March 1 of the current year divided by the gross assessed valuation of all real property in the allocation area as of March 1 of the immediately preceding year. The second quotient results from the same calculation using the gross assessed valuation of real property in the county. The lesser of the two (2) quotients obtained with respect to each allocation area will be multiplied by the base assessment for the allocation area. That product will be the tentative new base assessment if the board determines that there is adequate potential captured assessment. If there is not adequate potential captured assessment, the board will adjust the base assessment to arrive at a tentative new base assessment that will result in an adequate potential captured assessment. The board will notify the county auditor, who shall notify the fiscal body of each affected taxing unit of the tentative new base assessment, which can be used to project property tax rates for the following year.

(d) The board will determine the new base assessment for each taxing unit by January 15 of the year following the year in which a general reassessment of real property first becomes effective. The board will use the same procedure for this adjustment that is used to determine the tentative new base assessment under subsection (c).

The board will use the new base assessment in certifying the tax rates of the taxing units under IC 6-1.1-17-16.

(e) The board will use the best assessed valuation information available at the time it makes an adjustment to the base assessment under subsection (c) or (d). In making the adjustments, the board will exclude from consideration any assessed valuation of allocation area real property that is under appeal pursuant to IC 6-1.1-15. After the final resolution of such an appeal, the board will adjust the new base assessment considering any assessed valuation that had previously been excluded under this subsection. *(State Board of Accounts; 20 IAC 2-2-12; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1349; errata filed Sep 5, 1989, 3:20 p.m.: 13 IR 87; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

20 IAC 2-2-13 Tax increment; use

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 4-4-6.1; IC 4-4-8; IC 6-1.1-39-2; IC 8-22-3.5; IC 36-1-10; IC 36-7-14; IC 36-7-15.1

Sec. 13. (a) Tax increment in an allocation area established under IC 36-7-14 or IC 36-7-15.1, or in an economic development area, is paid into an allocation fund that may be used only to do one (1) or more of the following:

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

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

(3) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under IC 36-7-14-27 or IC 36-7-15.1-19.

(4) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in that allocation area or serving the allocation area in counties other than Marion County.

(5) Pay premiums on the redemption before maturity of bonds payable solely or in part from the tax increment in that allocation area.

(6) Make payments on leases payable from tax increment in that allocation area under IC 36-7-14-25.2 or IC 36-7-15.1-17.1.

(7) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in IC 36-7-14-25.1(a) or IC 36-7-15.1-17(a)) in that allocation area or serving the allocation area in counties other than Marion County.

(8) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area or serving the allocation area in counties other than Marion County under any lease entered into under IC 36-1-10.

(9) In counties other than Marion County, pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. The amount of the credit is determined under IC 36-7-14-39(b)(2)(I). (This is a credit that is paid to taxpayers from collected tax increment, unlike the additional credit and the housing program credit which reduce the tax increment collected.)

(b) Tax increment in an allocation area established under IC 36-7-15.1-32 with respect to a program for housing is paid into a special fund that may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

(2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. 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.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under IC 36-7-15.1-35 (c) through IC 36-7-15.1-35 (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided. (This is a credit that is paid to taxpayers from collected tax increment, unlike the additional credit and the housing program credit which reduce the tax increment collected.)

(c) Tax increment in an economic development district declared under IC 6-1.1-39-2 is paid into a special fund that may be used only to pay the principal of and interest

on obligations owed by the unit under IC 4-4-8 for the financing of industrial development programs in, or serving, that economic development district.

(d) The allocation fund or special fund may not be used for the operating expenses of the redevelopment commission.

(e) A unit may be reimbursed under subsection (a)(7) or (a)(8) only for expenditures that qualify under that subsection and that were made after the adoption of the resolution in which the allocation area was declared. Supervisory expenses related to redevelopment projects in the allocation area that are paid to individuals retained to supervise such projects qualify as expenditures for which reimbursement can be made.

(f) Except as provided in subsection (g), the redevelopment commission shall direct the county auditor to pay to the taxing units in which the allocation area is located any part of the tax increment in excess of the amount that will be used in the following year to meet the obligations of the redevelopment commission (including the funding of all accounts and reserves that might be required under a contract with bondholders).

(g) For these allocation areas governed by IC 36-7-14, if any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, then the taxing unit that designated the allocation area shall create a special zone fund and the redevelopment commission may not direct the county auditor to pay excess amounts to the taxing units. The county auditor shall deposit in the special zone fund incremental tax proceeds that exceed the amount needed for payments described in subsection (a). The special zone fund is used for certain programs related to the enterprise zone. *(State Board of Accounts; 20 IAC 2-2-13; filed Jan 30, 1989, 2:40 p.m.: 12 IR 1350; readopted filed Nov 8, 2001, 2:00 p.m.: 25 IR 897)*

ARTICLE 3. DIGITAL SIGNATURES

Rule 1. Definitions

20 IAC 3-1-1 Applicability

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 1. The definitions in this rule apply throughout this article. *(State Board of Accounts; 20 IAC 3-1-1; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)*

20 IAC 3-1-2 “Approved list of certification authorities” defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 2. “Approved list of certification authorities” means the list of approved certification authorities maintained by the state board of accounts using the criteria in 20 IAC 3-2-4. *(State Board of Accounts; 20 IAC 3-1-2; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)*

20 IAC 3-1-3 “Certificate” defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 3. “Certificate” means a computer-based record that:

(1) identifies the certification authority issuing it;
(2) names or identifies its subscriber;
(3) contains the subscriber’s public key;
(4) identifies its operational period;
(5) is digitally signed by the certification authority issuing it; and
(6) at a minimum, conforms to International Telecommunication Union X.509 version 3 standards.

(State Board of Accounts; 20 IAC 3-1-3; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)

20 IAC 3-1-4 “Certification authority” defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 4. “Certification authority” means a trusted third party who generates and issues digital certificates to a person after investigation of the identity of the person and thereby permits others to have a legally enforceable means of assuring the identity of the person by determining that the private key resulting from that person’s certificate was used to digitally sign the message. *(State Board of Accounts; 20 IAC 3-1-4; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)*

20 IAC 3-1-5 "Certification practice statement" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 5. "Certification practice statement" means the documentation of the practices, procedures, and controls employed by a certification authority. *(State Board of Accounts; 20 IAC 3-1-5; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)*

20 IAC 3-1-6 "Digital signature" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 6. "Digital signature" means an electronic signature that transforms a message using an asymmetric cryptosystem such that a person having the initial message and the signer's public key can accurately determine whether:

(1) the transformation was created using the private key that corresponds to the signer's public key; and

(2) the initial message has not been altered since the transformation was made.

(State Board of Accounts; 20 IAC 3-1-6; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)

20 IAC 3-1-7 "Intelenet system" defined

Authority: IC 5-24-3-4
Affected: IC 5-21; IC 5-24

Sec. 7. "Intelenet system" means the integrated telecommunication networks and information technology services designed, developed, and managed under IC 5-21. *(State Board of Accounts; 20 IAC 3-1-7; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)*

20 IAC 3-1-8 "Message" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 8. "Message" means a digital representation of information intended to serve as a written communication with the state. *(State Board of Accounts; 20 IAC 3-1-8; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)*

20 IAC 3-1-9 "Person" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 9. "Person" means:

(1) an individual;

(2) a corporation;

(3) a partnership;

(4) an association;

(5) a limited liability company; or

(6) other legal entity.

(State Board of Accounts; 20 IAC 3-1-9; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3638)

20 IAC 3-1-10 "Private key" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 10. "Private key" means the key of a key pair used to create a digital signature. *(State Board of Accounts; 20 IAC 3-1-10; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)*

20 IAC 3-1-11 "Public key" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 11. "Public key" means the key of a key pair used to verify a digital signature. *(State Board of Accounts; 20 IAC 3-1-11; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)*

20 IAC 3-1-12 "Signer" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 12. "Signer" means the person who digitally signed a message with the use of acceptable digital signature technology to uniquely link the message with the person sending it. *(State Board of Accounts; 20 IAC 3-1-12; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)*

20 IAC 3-1-13 "State" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 13. "State" means the state of Indiana and includes a state agency. *(State Board of Accounts; 20 IAC 3-1-13; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)*

20 IAC 3-1-14 "State agency" defined

Authority: IC 5-24-3-4
Affected: IC 4-13-1-1; IC 5-24

Sec. 14. "State agency" has the meaning set forth in IC 4-13-1-1. *(State Board of Accounts; 20 IAC 3-1-14; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)*

20 IAC 3-1-15 "Technology" defined

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 15. "Technology" means the computer hardware and/or software-based method or process used to create digital signatures. *(State Board of Accounts; 20 IAC 3-1-15; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)*

Rule 2. General Provisions

20 IAC 3-2-1 Acceptable use of digital signatures

Authority: IC 5-24-3-4
Affected: IC 5-24; IC 20-12-0.5-1

Sec. 1. (a) A digital signature is valid when:

(1) created by acceptable digital signature technology;

(2) successfully transmitted through the Intelenet system; and

(3) used with the state or a state agency except:

(A) the judicial branch;

(B) the legislative branch;

(C) a state educational institution (as defined in IC 20-12-0.5-1); and

(D) offices of:

(i) the secretary of state;

(ii) the auditor;

(iii) the treasurer;

(iv) the attorney general;

(v) the superintendent of public instruction; and

(vi) the clerk of the supreme court.

(b) Each entity excluded by subsection (a)(3) may elect to be subject to this article if the supervising body records its written consent with the state board of accounts. *(State Board of Accounts; 20 IAC 3-2-1; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639; errata filed Sep 23, 1998, 10:31 a.m.: 22 IR 462)*

20 IAC 3-2-2 Criteria for acceptable digital signature technology

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 2. A digital signature on a message received by or filed with the state shall be effective if the digital signature technology used to create the digital signature enables it to meet the following criteria:

(1) It is unique to the person using it, including the following:

(A) The private key used to create the signature on the message is only required to be known by the signer.

(B) The digital signature is created when the signer runs a message through a one-way function, creating a message digest, then encrypting the resulting message digest using an asymmetrical cryptosystem and the signer's private key.

(C) The signer has been issued a certificate by a certification authority on the approved list of certification authorities to certify that he or she controls the private key used to create the signature.

(D) It is computationally infeasible to derive the private key from knowledge of the public key.

(2) It is capable of verification. The acceptor of the digitally signed message can verify:

(A) by using the signer's public key, that the message was digitally signed by using the signer's private key;

(B) that the certificate was valid at the time of the transaction; and

(C) either through a certification practice statement or through the content of the certificate itself, the proof of identification the certification authority required of the signer prior to issuing the certificate.

(3) It is under the sole control of the person using it. The person who holds the private key, as identified in the certificate, assumes a duty to retain control of the private key and prevent its disclosure to any person not authorized to create the subscriber's digital signature.

(4) It is linked to data in such a manner that if the data are changed, the digital signature is invalidated.

(State Board of Accounts; 20 IAC 3-2-2; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3639)

20 IAC 3-2-3 Acceptable digital signature technology

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 3. The technology known as public key cryptography is the acceptable digital signature technology for use by persons dealing with the state through the Intelenet system provided that the digital signature is created consistent with the provisions in section 2 of this rule. *(State Board of Accounts; 20 IAC 3-2-3; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3640)*

20 IAC 3-2-4 Digital signature certification authorities

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 4. (a) The state board of accounts shall maintain an approved list of certification authorities authorized to issue certificates for digitally signed communication with the state and shall make the list available to persons wishing to deal electronically with the state.

(b) The Intelenet system shall only accept certificates from certification authorities that appear on the approved

list of certification authorities.

(c) The state board of accounts shall place a certification authority on the approved list of certification authorities after the certification authority provides the state board of accounts with either of the following:

(1) A copy of an unqualified performance audit performed in accordance with standards set in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 70 (SAS 70) to ensure that the certification authority's practices and policies are consistent with the requirements of the certification authority's certification practice statement and section 2 of this rule. A certification authority that has been in operation for:

(A) one (1) year or less shall undergo an SAS 70 Type One audit, A Report of Policies and Procedures Placed in Operation, receiving an unqualified opinion; or

(B) longer than one (1) year shall undergo an SAS 70 Type Two audit, A Report of Policies and Procedures Placed in Operation and Test of Operating Effectiveness, receiving an unqualified opinion.

(2) Proof of accreditation by an accreditation body, acceptable to the state board of accounts whose requirements for accreditation are consistent with section 2 of this rule.

(d) To remain on the approved list of certification authorities, a certification authority shall annually provide to the state board of accounts proof of compliance with the following:

(1) A new audit of the type described in subsection (c)(1)(A) or a new or renewed accreditation of the type described in subsection (c)(1)(B).

(2) The bond requirements described in subsection (f).

(e) A certification authority may be removed from the approved list of certification authorities if:

(1) the certification authority fails to provide current proof of accreditation to the state board of accounts annually;

(2) the certification authority fails to receive an annual unqualified SAS 70 performance audit;

(3) the state board of accounts is informed that a certification authority has had its accreditation revoked by an accreditation body that meets the criteria of subsection (c)(2); or

(4) the certification authority fails to meet the requirements in subsection (f).

(f) The certification authority shall furnish the state board of accounts annually with proof of a fidelity and surety bond underwritten by an insurer approved by the state, maintained currently in force, in an amount not less than fifty thousand dollars ($50,000) per year.

(g) The certification authority shall be registered to do business in the state. *(State Board of Accounts; 20 IAC 3-2-4; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3640; errata filed Sep 23, 1998, 10:31 a.m.: 22 IR 462)*

20 IAC 3-2-5 Retention of certificates

Authority: IC 5-24-3-4
Affected: IC 5-24

Sec. 5. All digitally signed messages received by the state in accordance with this rule, as well as any information resources necessary to permit access to the message and to verify the digital signature, shall be retained by the state as necessary to comply with applicable law pertaining to records retention requirements for that message as established by the commission on public records. *(State Board of Accounts; 20 IAC 3-2-5; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3640)*

20 IAC 3-2-6 Digital signature repudiation

Authority: IC 5-24 3-4
Affected: IC 5-24

Sec. 6. It is the responsibility of the rightful holder of the private key to maintain the private key's security. Repudiation of a digitally signed and transmitted message may only occur by the determination of a court of competent jurisdiction that the private key of the rightful holder was compromised through no fault of the rightful holder and without knowledge on the part of the rightful holder. It is the legal prerequisite for a claim of repudiation that the repudiator have filed a notice of revocation with the certification authority prior to making the claim of repudiation. *(State Board of Accounts; 20 IAC 3-2-6; filed Jun 1, 1998, 3:33 p.m.: 21 IR 3641)*

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