

SENATE BILL No. 105

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 8-22-3.5-11; IC 36-7.

Synopsis: Elimination of annual adjustments of assessed values. Eliminates the annual adjustments (or "trending") to assessed values of certain real property for assessment dates beginning after December 31, 2025. Retains the provisions in current law that require four year cyclical reassessments. Allows a reassessment plan for the four year cyclical reassessments to include trending factors in the plan. Does not eliminate the annual adjustment for agricultural land. Makes conforming changes. Makes technical corrections.

Effective: January 1, 2026.

Niemeyer

January 8, 2025, read first time and referred to Committee on Tax and Fiscal Policy.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

SENATE BILL No. 105

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

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

- 1 SECTION 1. IC 6-1.1-4-4.2, AS AMENDED BY P.L.236-2023,
2 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026]: Sec. 4.2. (a) The county assessor of each county
4 shall, before July 1, 2013, and before May 1 of every fourth year
5 thereafter, prepare and submit to the department of local government
6 finance a reassessment plan for the county. The following apply to a
7 reassessment plan prepared and submitted under this section:
8 (1) The reassessment plan is subject to approval by the
9 department of local government finance. The department of local
10 government finance shall complete its review and approval of the
11 reassessment plan before:
12 (A) March 1, 2015; and
13 (B) January 1 of each subsequent year that follows a year in
14 which the reassessment plan is submitted by the county.
15 (2) The department of local government finance shall determine
16 the classes of real property to be used for purposes of this section.
17 (3) Except as provided in subsection (b), the reassessment plan



- 1 must divide all parcels of real property in the county into four (4)
 2 different groups of parcels. Each group of parcels must contain
 3 approximately twenty-five percent (25%) of the parcels within
 4 each class of real property in the county.
- 5 (4) Except as provided in subsection (b), all real property in each
 6 group of parcels shall be reassessed under the county's
 7 reassessment plan once during each four (4) year cycle.
- 8 (5) The reassessment of a group of parcels in a particular class of
 9 real property shall begin on May 1 of a year.
- 10 (6) The reassessment of parcels:
- 11 (A) must include a physical inspection of each parcel of real
 12 property in the group of parcels that is being reassessed; and
 13 (B) shall be completed on or before January 1 of the year after
 14 the year in which the reassessment of the group of parcels
 15 begins.
- 16 (7) For real property included in a group of parcels that is
 17 reassessed, the reassessment is the basis for taxes payable in the
 18 year following the year in which the reassessment is to be
 19 completed.
- 20 (8) The reassessment plan must specify the dates by which the
 21 assessor must submit land values under section 13.6 of this
 22 chapter to the county property tax assessment board of appeals.
- 23 (9) The department may not approve the reassessment plan until
 24 the assessor provides verification that the land values
 25 determination under section 13.6 of this chapter has been
 26 completed.
- 27 (10) Subject to review and approval by the department of local
 28 government finance, the county assessor may modify the
 29 reassessment plan.
- 30 **(11) Beginning after December 31, 2025, a reassessment plan**
 31 **may include a system for adjusting the assessed value of**
 32 **groups of parcels that are reassessed under the plan to**
 33 **account for changes in value in those years since a**
 34 **reassessment of the parcels last took effect. A system must**
 35 **include characteristics that do the following:**
- 36 (A) **Promote uniform and equal assessment of real**
 37 **property within and across classifications.**
- 38 (B) **Require that assessing officials:**
- 39 (i) **reevaluate the factors that affect value;**
 40 (ii) **express the interactions of those factors**
 41 **mathematically;**
 42 (iii) **use mass appraisal techniques to estimate updated**



1 **property values within statistical measures of accuracy;**
 2 **and**

3 **(iv) provide notice to taxpayers of an assessment increase**
 4 **that results from the application of annual adjustments.**

5 **(C) Prescribe procedures that permit the application of the**
 6 **adjustment percentages in an efficient manner by assessing**
 7 **officials.**

8 (b) A county may submit a reassessment plan that provides for
 9 reassessing more than twenty-five percent (25%) of all parcels of real
 10 property in the county in a particular year. A plan may provide that all
 11 parcels are to be reassessed in one (1) year. However, a plan must
 12 cover a four (4) year period. All real property in each group of parcels
 13 shall be reassessed under the county's reassessment plan once during
 14 each reassessment cycle.

15 (c) The reassessment of the first group of parcels under a county's
 16 reassessment plan shall begin on July 1, 2014, and shall be completed
 17 on or before January 1, 2015.

18 (d) The department of local government finance may adopt rules to
 19 govern the reassessment of property under county reassessment plans.

20 SECTION 2. IC 6-1.1-4-4.5 IS REPEALED [EFFECTIVE
 21 JANUARY 1, 2026]. Sec. 4-5: (a) The department of local government
 22 finance shall adopt rules establishing a system for annually adjusting
 23 the assessed value of real property to account for changes in value in
 24 those years since a reassessment under section 4.2 of this chapter for
 25 the property last took effect.

26 (b) Subject to subsection (f), the system must be applied to adjust
 27 assessed values beginning with the 2006 assessment date and each year
 28 thereafter that is not a year in which a reassessment under section 4.2
 29 of this chapter for the property becomes effective.

30 (c) The rules adopted under subsection (a) must include the
 31 following characteristics in the system:

32 (1) Promote uniform and equal assessment of real property within
 33 and across classifications:

34 (2) Require that assessing officials:

35 (A) reevaluate the factors that affect value;

36 (B) express the interactions of those factors mathematically;

37 (C) use mass appraisal techniques to estimate updated property
 38 values within statistical measures of accuracy; and

39 (D) provide notice to taxpayers of an assessment increase that
 40 results from the application of annual adjustments:

41 (3) Prescribe procedures that permit the application of the
 42 adjustment percentages in an efficient manner by assessing



- 1 officials:
- 2 (d) The department of local government finance must review and
3 certify each annual adjustment determined under this section.
- 4 (e) For an assessment beginning after December 31, 2022,
5 agricultural improvements such as but not limited to barns, grain bins,
6 or silos on land assessed as agricultural shall not be adjusted using
7 factors, such as neighborhood delineation, that are appropriate for use
8 in adjusting residential, commercial, and industrial real property. Those
9 portions of agricultural parcels that include land and buildings not used
10 for an agricultural purpose, such as homes, homesites, and excess
11 residential land and commercial or industrial land and buildings, shall
12 be adjusted by the factor or factors developed for other similar property
13 within the geographic stratification. The residential portion of
14 agricultural properties shall be adjusted by the factors applied to
15 similar residential purposes.
- 16 (f) In making the annual determination of the base rate to satisfy the
17 requirement for an annual adjustment for each assessment date, the
18 department of local government finance shall not later than March 1 of
19 each year determine the base rate using the methodology reflected in
20 Table 2-18 of Book 1, Chapter 2 of the department of local government
21 finance's Real Property Assessment Guidelines (as in effect on January
22 1, 2005), except that the department shall adjust the methodology as
23 follows:
- 24 (1) Use a six (6) year rolling average adjusted under subdivision
25 (3) instead of a four (4) year rolling average.
- 26 (2) Use the data from the six (6) most recent years preceding the
27 year in which the assessment date occurs for which data is
28 available, before one (1) of those six (6) years is eliminated under
29 subdivision (3) when determining the rolling average.
- 30 (3) Eliminate in the calculation of the rolling average the year
31 among the six (6) years for which the highest market value in use
32 of agricultural land is determined.
- 33 (4) After determining a preliminary base rate that would apply for
34 the assessment date without applying the adjustment under this
35 subdivision, the department of local government finance shall
36 adjust the preliminary base rate as follows:
- 37 (A) If the preliminary base rate for the assessment date would
38 be at least ten percent (10%) greater than the final base rate
39 determined for the preceding assessment date, a capitalization
40 rate of eight percent (8%) shall be used to determine the final
41 base rate.
- 42 (B) If the preliminary base rate for the assessment date would



1 be at least ten percent (10%) less than the final base rate
 2 determined for the preceding assessment date; a capitalization
 3 rate of six percent (6%) shall be used to determine the final
 4 base rate.

5 (C) If neither clause (A) nor clause (B) applies, a capitalization
 6 rate of seven percent (7%) shall be used to determine the final
 7 base rate.

8 (D) In the case of a market value in use for a year that is used
 9 in the calculation of the six (6) year rolling average under
 10 subdivision (1) for purposes of determining the base rate for
 11 the assessment date:

12 (i) that market value in use shall be recalculated by using the
 13 capitalization rate determined under clauses (A) through (C)
 14 for the calculation of the base rate for the assessment date;
 15 and

16 (ii) the market value in use recalculated under item (i) shall
 17 be used in the calculation of the six (6) year rolling average
 18 under subdivision (1).

19 (g) For assessment dates after December 31, 2009, an adjustment in
 20 the assessed value of real property under this section shall be based on
 21 the estimated true tax value of the property on the assessment date that
 22 is the basis for taxes payable on that real property.

23 (h) The department shall release the department's annual
 24 determination of the base rate on or before March 1 of each year.

25 SECTION 3. IC 6-1.1-4-4.6 IS REPEALED [EFFECTIVE
 26 JANUARY 1, 2026]. Sec. 4.6: (a) If a county assessor fails before July
 27 2 of a particular year for which an adjustment to the assessed value of
 28 real property applies under section 4.5 of this chapter to prepare and
 29 deliver to the county auditor a complete detailed list of all of the real
 30 property listed for taxation in the county as required by IC 6-1.1-5-14
 31 and at least one hundred eighty (180) days have elapsed after the
 32 deadline specified in IC 6-1.1-5-14 for the county assessor to deliver
 33 the list, the department of local government finance may develop
 34 annual adjustment factors under this section for that year. In developing
 35 annual adjustment factors under this section, the department of local
 36 government finance shall use data in its possession that is obtained
 37 from:

38 (1) the county assessor; or

39 (2) any of the sources listed in the rule, including county or state
 40 sales data, government studies, ratio studies, cost and depreciation
 41 tables, and other market analyses.

42 (b) Using the data described in subsection (a), the department of



1 local government finance shall propose to establish annual adjustment
 2 factors for the affected tax districts for one (1) or more of the classes
 3 of real property. The proposal may provide for the equalization of
 4 annual adjustment factors in the affected township or county and in
 5 adjacent areas. The department of local government finance shall issue
 6 notice and provide opportunity for hearing in accordance with
 7 IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing final
 8 annual adjustment factors.

9 (c) The annual adjustment factors finally determined by the
 10 department of local government finance after the hearing required
 11 under subsection (b) apply to the annual adjustment of real property
 12 under section 4.5 of this chapter for:

13 (1) the assessment date; and

14 (2) the real property;

15 specified in the final determination of the department of local
 16 government finance.

17 SECTION 4. IC 6-1.1-4-4.9, AS ADDED BY P.L.236-2023,
 18 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JANUARY 1, 2026]: Sec. 4.9. (a) This section applies to an
 20 assessment:

21 (1) under section 4.2 or 4.5 of this chapter, **section 13.2 of this**
 22 **chapter for agricultural land**, or another law; and

23 (2) occurring after December 31, 2023.

24 (b) If the township assessor, or the county assessor if there is no
 25 township assessor for the township, changes the underlying parcel
 26 characteristics, including age, grade, or condition, of a property from
 27 the previous year's assessment date, the township or county assessor
 28 shall document:

29 (1) each change; and

30 (2) the reason that each change was made.

31 SECTION 5. IC 6-1.1-4-5.1 IS ADDED TO THE INDIANA CODE
 32 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 33 **JANUARY 1, 2026]: Sec. 5.1. Except as provided in section 13.2 of**
 34 **this chapter, the annual adjustments to assessed value of real**
 35 **property under section 4.5 of this chapter (before its repeal on**
 36 **January 1, 2026) and section 4.6 of this chapter (before its repeal**
 37 **on January 1, 2026) apply only to assessment dates before January**
 38 **1, 2026.**

39 SECTION 6. IC 6-1.1-4-13.2, AS AMENDED BY P.L.180-2016,
 40 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JANUARY 1, 2026]: Sec. 13.2. (a) **The assessed value of**
 42 **agricultural land shall be annually adjusted to account for changes**



1 in value in those years since a reassessment under section 4.2 of
2 this chapter for the property last took effect.

3 (b) The department of local government finance shall review
4 and certify each annual adjustment determined for agricultural
5 land under this section.

6 (c) Notwithstanding the provisions of this chapter and any real
7 property assessment guidelines of the department of local government
8 finance, for the property tax assessment of agricultural land for the
9 2015 assessment date, the statewide agricultural land base rate value
10 per acre used to determine the value of agricultural land is two
11 thousand fifty dollars (\$2,050).

12 (d) In making the annual determination of the base rate to
13 satisfy the requirement for an annual adjustment under subsection
14 (a) for the January 1, 2016, assessment date and each assessment
15 date thereafter, the department of local government finance shall
16 not later than March 1 of each year determine the base rate using
17 the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the
18 department of local government finance's Real Property
19 Assessment Guidelines (as in effect on January 1, 2005), except that
20 the department shall adjust the methodology as follows:

21 (1) Use a six (6) year rolling average adjusted under
22 subdivision (3) instead of a four (4) year rolling average.

23 (2) Use the data from the six (6) most recent years preceding
24 the year in which the assessment date occurs for which data
25 is available, before one (1) of those six (6) years is eliminated
26 under subdivision (3) when determining the rolling average.

27 (3) Eliminate in the calculation of the rolling average the year
28 among the six (6) years for which the highest market value in
29 use of agricultural land is determined.

30 (4) After determining a preliminary base rate that would
31 apply for the assessment date without applying the
32 adjustment under this subdivision, the department of local
33 government finance shall adjust the preliminary base rate as
34 follows:

35 (A) If the preliminary base rate for the assessment date
36 would be at least ten percent (10%) greater than the final
37 base rate determined for the preceding assessment date, a
38 capitalization rate of eight percent (8%) shall be used to
39 determine the final base rate.

40 (B) If the preliminary base rate for the assessment date
41 would be at least ten percent (10%) less than the final base
42 rate determined for the preceding assessment date, a



1 **capitalization rate of six percent (6%) shall be used to**
 2 **determine the final base rate.**

3 **(C) If neither clause (A) nor (B) applies, a capitalization**
 4 **rate of seven percent (7%) shall be used to determine the**
 5 **final base rate.**

6 **(D) In the case of a market value in use for a year that is**
 7 **used in the calculation of the six (6) year rolling average**
 8 **under subdivision (1) for purposes of determining the base**
 9 **rate for the assessment date:**

10 **(i) that market value in use shall be recalculated by using**
 11 **the capitalization rate determined under clauses (A)**
 12 **through (C) for the calculation of the base rate for the**
 13 **assessment date; and**

14 **(ii) the market value in use recalculated under item (i)**
 15 **shall be used in the calculation of the six (6) year rolling**
 16 **average under subdivision (1).**

17 **(e) For assessment dates after December 31, 2009, an**
 18 **adjustment in the assessed value of real property under this section**
 19 **shall be based on the estimated true tax value of the property on**
 20 **the assessment date that is the basis for taxes payable on that real**
 21 **property.**

22 **(f) The department shall release the department's annual**
 23 **determination of the base rate on or before March 1 of each year.**

24 SECTION 7. IC 6-1.1-4-16, AS AMENDED BY P.L.86-2018,
 25 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2026]: Sec. 16. (a) For purposes of making a
 27 reassessment of real property under section 4.2 of this chapter or
 28 annual adjustments **for agricultural land** under section ~~4.5~~ **13.2** of this
 29 chapter, a township assessor (if any) and a county assessor may
 30 employ:

31 (1) deputies;

32 (2) employees; and

33 (3) technical advisors who are:

34 (A) qualified to determine real property values;

35 (B) professional appraisers certified under 50 IAC 15; and

36 (C) employed either on a full-time or a part-time basis, subject
 37 to sections 18.5 and 19.5 of this chapter.

38 (b) The county council of each county shall appropriate the funds
 39 necessary for the employment of deputies, employees, or technical
 40 advisors employed under subsection (a). ~~of this section.~~

41 SECTION 8. IC 6-1.1-4-22, AS AMENDED BY P.L.178-2021,
 42 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JANUARY 1, 2026]: Sec. 22. (a) If any assessing official assesses or
 2 reassesses any real property under this article (including an annual
 3 adjustment **for agricultural land** under section ~~4.5~~ **13.2** of this
 4 chapter), the official shall give notice to the taxpayer and the county
 5 assessor, by mail or by using electronic mail that includes a secure
 6 Internet link to the information in the notice, of the amount of the
 7 assessment or reassessment.

8 (b) Each township or county assessor shall provide the notice
 9 required by this section by the earlier of:

10 (1) ninety (90) days after the assessor:

11 (A) completes the appraisal of a parcel; or

12 (B) receives a report for a parcel from a professional appraiser
 13 or professional appraisal firm; or

14 (2) April 10 of the year containing the assessment date for which
 15 the assessment or reassessment first applies, if the assessment
 16 date occurs in a year that ends before January 1, 2016, and
 17 February 10 of the year containing the assessment date for which
 18 the assessment or reassessment first applies, if the assessment
 19 date occurs in a year that begins after December 31, 2015.

20 (c) The notice required by this section is in addition to any required
 21 notice of assessment or reassessment included in a property tax
 22 statement under IC 6-1.1-22 or IC 6-1.1-22.5.

23 (d) The notice required by this section must include notice to the
 24 person of the opportunity to appeal the assessed valuation under
 25 IC 6-1.1-15-1.1.

26 (e) Notice of the opportunity to appeal the assessed valuation
 27 required under subsection (d) must include the following:

28 (1) The procedure that a taxpayer must follow to appeal the
 29 assessment or reassessment.

30 (2) The forms that must be filed for an appeal of the assessment
 31 or reassessment.

32 (3) Notice that an appeal of the assessment or reassessment
 33 requires evidence relevant to the true tax value of the taxpayer's
 34 property as of the assessment date.

35 (f) The notice required by this section must include notice to the
 36 taxpayer of the taxpayer's right to submit a written complaint to the
 37 department under IC 6-1.1-35.7-4(b) if a taxpayer has reason to believe
 38 that the township assessor, the county assessor, an employee of the
 39 township assessor or county assessor, or an appraiser has violated
 40 IC 6-1.1-35.7-3 or IC 6-1.1-35.7-4(a). The notice required under this
 41 subsection must include the procedure that a taxpayer must follow to
 42 submit the written complaint to the department.



1 SECTION 9. IC 6-1.1-4-27.5, AS AMENDED BY P.L.5-2015,
2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026]: Sec. 27.5. (a) The auditor of each county shall
4 establish a property reassessment fund. The county treasurer shall
5 deposit all collections resulting from the property taxes that the county
6 levies for the county's property reassessment fund.

7 (b) With respect to a reassessment of real property under a county's
8 reassessment plan under section 4.2 of this chapter, the county council
9 of each county shall, for property taxes due each year, levy against all
10 the taxable property in the county an amount equal to the estimated
11 costs of the reassessment under section 28.5 of this chapter for the
12 group of parcels to be reassessed in that year.

13 (c) The county assessor may petition the county fiscal body to
14 increase the levy under subsection (b) to pay for the costs of:

- 15 (1) a reassessment of one (1) or more groups of parcels under a
16 county's reassessment plan prepared under section 4.2 of this
17 chapter;
- 18 (2) verification under 50 IAC 27-4-7 of sales disclosure forms
19 forwarded to the county assessor under IC 6-1.1-5.5-3; or
- 20 (3) processing annual adjustments **for agricultural land** under
21 section ~~4.5~~ **13.2** of this chapter.

22 The assessor must document the needs and reasons for the increased
23 funding.

24 **(d) This subsection applies to an assessment date beginning after
25 December 31, 2025. If a county fiscal body increased the levy under
26 subsection (b) to pay for the costs of processing annual adjustments
27 under section 4.5 of this chapter (before its repeal on January 1,
28 2026), the county fiscal body shall reduce the levy under subsection
29 (b) by an amount equal to:**

- 30 **(1) the amount of the prior increase imposed to pay for the
31 costs of processing annual adjustments before January 1,
32 2026; minus**
- 33 **(2) the relative amount of the prior increase in subdivision (1)
34 that is attributable to the costs of processing annual
35 adjustments for agricultural land under section 13.2 of this
36 chapter.**

37 ~~(d)~~ **(e)** If the county fiscal body denies a petition under subsection
38 (c), the county assessor may appeal to the department of local
39 government finance. The department of local government finance shall:

- 40 (1) hear the appeal; and
- 41 (2) determine whether the additional levy is necessary.

42 SECTION 10. IC 6-1.1-4-28.5, AS AMENDED BY P.L.86-2018,



1 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JANUARY 1, 2026]: Sec. 28.5. (a) Money assigned to a property
3 reassessment fund under section 27.5 of this chapter may be used only
4 to pay the costs of:

- 5 (1) the reassessment of one (1) or more groups of parcels under
- 6 a county's reassessment plan prepared under section 4.2 of this
- 7 chapter, including the computerization of assessment records;
- 8 (2) payments to assessing officials and hearing officers for county
- 9 property tax assessment boards of appeals under IC 6-1.1-35.2;
- 10 (3) the development or updating of detailed soil survey data by
- 11 the United States Department of Agriculture or its successor
- 12 agency;
- 13 (4) the updating of plat books;
- 14 (5) payments for the salary of permanent staff or for the
- 15 contractual services of temporary staff who are necessary to assist
- 16 assessing officials;
- 17 (6) making annual adjustments **for agricultural land** under
- 18 section ~~4.5~~ **13.2** of this chapter; and
- 19 (7) the verification under 50 IAC 27-4-7 of sales disclosure forms
- 20 forwarded to:
 - 21 (A) the county assessor; or
 - 22 (B) township assessors (if any);
 - 23 under IC 6-1.1-5.5-3.

24 Money in a property reassessment fund may not be transferred or
25 reassigned to any other fund and may not be used for any purposes
26 other than those set forth in this section.

27 (b) All counties shall use modern, detailed soil maps in the
28 reassessment of agricultural land.

29 (c) The county treasurer of each county shall, in accordance with
30 IC 5-13-9, invest any money accumulated in the property reassessment
31 fund. Any interest received from investment of the money shall be paid
32 into the property reassessment fund.

33 (d) An appropriation under this section must be approved by the
34 fiscal body of the county after the review and recommendation of the
35 county assessor. However, in a county with a township assessor in
36 every township, the county assessor does not review an appropriation
37 under this section, and only the fiscal body must approve an
38 appropriation under this section.

39 SECTION 11. IC 6-1.1-4-39, AS AMENDED BY P.L.156-2024,
40 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JANUARY 1, 2026]: Sec. 39. (a) For assessment dates after February
42 28, 2005, except as provided in subsections (c) and (e), the true tax



1 value of real property regularly used to rent or otherwise furnish
 2 residential accommodations for periods of thirty (30) days or more and
 3 that has more than four (4) rental units is the lowest valuation
 4 determined by applying each of the following appraisal approaches:

5 (1) Cost approach that includes an estimated reproduction or
 6 replacement cost of buildings and land improvements as of the
 7 date of valuation together with estimates of the losses in value
 8 that have taken place due to wear and tear, design and plan, or
 9 neighborhood influences.

10 (2) Sales comparison approach, using data for generally
 11 comparable property.

12 (3) Income capitalization approach, using an applicable
 13 capitalization method and appropriate capitalization rates that are
 14 developed and used in computations that lead to an indication of
 15 value commensurate with the risks for the subject property use.

16 (b) The gross rent multiplier method is the preferred method of
 17 valuing:

18 (1) real property that has at least one (1) and not more than four
 19 (4) rental units; and

20 (2) mobile homes assessed under IC 6-1.1-7.

21 (c) A township assessor (if any) or the county assessor is not
 22 required to appraise real property referred to in subsection (a) using the
 23 three (3) appraisal approaches listed in subsection (a) if the assessor
 24 and the taxpayer agree before notice of the assessment is given to the
 25 taxpayer under section 22 of this chapter to the determination of the
 26 true tax value of the property by the assessor using one (1) of those
 27 appraisal approaches.

28 (d) To carry out this section, the department of local government
 29 finance may adopt rules for assessors to use in gathering and
 30 processing information for the application of the income capitalization
 31 method and the gross rent multiplier method. If a taxpayer wishes to
 32 have the income capitalization method or the gross rent multiplier
 33 method used in the initial formulation of the assessment of the
 34 taxpayer's property, the taxpayer must submit the necessary information
 35 to the assessor not later than the assessment date. However, the
 36 taxpayer is not prejudiced in any way and is not restricted in pursuing
 37 an appeal, if the data is not submitted by the assessment date. A
 38 taxpayer must verify under penalties for perjury any information
 39 provided to the township or county assessor for use in the application
 40 of either method. All information related to earnings, income, profits,
 41 losses, or expenditures that is provided to the assessor under this
 42 section is confidential under IC 6-1.1-35-9 to the same extent as



1 information related to earnings, income, profits, losses, or expenditures
2 of personal property is confidential under IC 6-1.1-35-9.

3 (e) The true tax value of low income rental property (as defined in
4 section 41 of this chapter) is not determined under subsection (a). The
5 assessment method prescribed in section 41 of this chapter is the
6 exclusive method for assessment of that property. This subsection does
7 not impede any rights to appeal an assessment.

8 (f) ~~Notwithstanding IC 6-1.1-4-4.5,~~ For assessment dates beginning
9 after December 31, 2023, the county assessor or township assessor
10 making the assessment shall perform an assessment of property
11 qualifying under subsection (a) annually, and for each assessment year,
12 perform a valuation of the property qualifying under subsection (a)
13 using each of the appraisal approaches in subsection (a)(1) through
14 (a)(3) and annually report to the taxpayer each of the values under
15 those approaches as determined by the assessor on a form as prescribed
16 under subsection (i). The assessor shall use the department cost
17 schedules without additional modifiers, adjustments, or other trending
18 factors beyond the location cost multiplier adjustments developed by
19 the department for the cost schedules used under this section. The use
20 of locally developed cost schedules, location cost multipliers, and
21 market or trending adjustments is prohibited.

22 (g) The county assessor or township assessor making the assessment
23 of property qualifying under subsection (a) has the burden of proof to
24 establish that the assessed value is the lowest value of those determined
25 using the three (3) appraisal approaches performed by the county
26 assessor or township assessor regardless of the percentage change in
27 the assessed value.

28 (h) Upon request of the taxpayer, the county assessor or township
29 assessor making the assessment shall provide an explanation to the
30 taxpayer concerning how the assessed value of the property was
31 calculated.

32 (i) The department shall prescribe a specific form for property
33 qualifying under subsection (a).

34 SECTION 12. IC 6-1.1-4-42, AS AMENDED BY P.L.159-2020,
35 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JANUARY 1, 2026]: Sec. 42. (a) This section applies to assessment
37 dates after January 15, 2010.

38 (b) The following definitions apply throughout this section:

39 (1) "Golf course" means an area of land predominately used to
40 play the game of golf and associated yard improvements. A golf
41 course consists of a series of holes, each consisting of a teeing
42 area, fairway, rough and other hazards, and the green with the pin



- 1 and cup.
- 2 (2) "Yard improvements" include a clubhouse, irrigation systems,
3 a pro shop, a maintenance building, a driving range, a structure
4 for food and beverage services, or other buildings associated with
5 the operation of and included in the net operating income of a golf
6 course.
- 7 (c) The true tax value of real property regularly used as a golf course
8 is the valuation determined by applying the income capitalization
9 appraisal approach. The income capitalization approach used to
10 determine the true tax value of a golf course must:
- 11 (1) incorporate an applicable income capitalization method and
12 appropriate capitalization rates that are developed and used in
13 computations that lead to an indication of value commensurate
14 with the risks for the subject property use;
- 15 (2) provide for the uniform and equal assessment of golf courses;
16 and
- 17 (3) exclude the value of personal property, intangible property,
18 and income derived from personal or intangible property.
- 19 (d) For assessment dates after January 15, 2010, and before March
20 1, 2012, a township assessor (if any) or the county assessor shall gather
21 and process information from the owner of a golf course to carry out
22 this section in accordance with the rules adopted by the department of
23 local government finance under IC 4-22-2.
- 24 (e) For assessment dates after February 28, 2012, the department of
25 local government finance shall, by rules adopted under IC 4-22-2,
26 establish uniform income capitalization rates annually and procedures
27 to be used for the assessment of golf courses. The department of local
28 government finance may rely on recognized sources of industry
29 capitalization rates. Assessing officials shall use the procedures
30 adopted by the department of local government finance to assess **and**
31 reassess ~~and annually adjust~~ the assessed value of golf courses.
- 32 (f) The department of local government finance may prescribe
33 procedures, forms, and due dates for the collection from the owners or
34 operators of golf courses of the necessary earnings, income, profits,
35 losses, and expenditures data necessary to carry out this section. An
36 owner or operator of a golf course shall comply with the procedures
37 and reporting schedules prescribed by the department of local
38 government finance.
- 39 (g) On or before December 31 of each year, assessing officials shall
40 solicit, and the owners or operators of a golf course shall provide to the
41 assessing officials, data for the gross income and allowable operating
42 expenses for the three (3) years immediately preceding the year in



1 which the solicitation and submission of data is being made. Assessing
 2 officials may use federal tax returns or other similar evidence as
 3 verification that the submissions are correct.

4 (h) For each assessment date, assessing officials shall examine and
 5 evaluate the three (3) consecutive years of financial records and federal
 6 tax returns that are submitted under subsection (g) in the year
 7 immediately preceding the year of the assessment date to obtain the
 8 average net operating income. The three (3) year average should
 9 include the most current completed financial records and filed federal
 10 tax returns of the golf course as of the assessment date to ensure that
 11 the appropriate income and expense information for the subject
 12 property is used.

13 (i) All income and expense information provided to the assessing
 14 official under this section is confidential under IC 6-1.1-35-9.

15 SECTION 13. IC 6-1.1-12.4-2, AS AMENDED BY P.L.86-2018,
 16 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2026]: Sec. 2. (a) For purposes of this section, an
 18 increase in the assessed value of real property is determined in the
 19 same manner that an increase in the assessed value of real property is
 20 determined for purposes of IC 6-1.1-12.1.

21 (b) This subsection applies only to a development, redevelopment,
 22 or rehabilitation that is first assessed after March 1, 2005, and before
 23 March 2, 2007. Except as provided in subsection (h) and sections 4, 5,
 24 and 8 of this chapter, an owner of real property that:

- 25 (1) develops, redevelops, or rehabilitates the real property; and
- 26 (2) creates or retains employment from the development,
 27 redevelopment, or rehabilitation;

28 is entitled to a deduction from the assessed value of the real property.

29 (c) Subject to section 14 of this chapter, the deduction under this
 30 section is first available in the year in which the increase in assessed
 31 value resulting from the development, redevelopment, or rehabilitation
 32 occurs and continues for the following two (2) years. The amount of the
 33 deduction that a property owner may receive with respect to real
 34 property located in a county for a particular year equals the lesser of:

- 35 (1) two million dollars (\$2,000,000); or
- 36 (2) the product of:

37 (A) the increase in assessed value resulting from the
 38 development, rehabilitation, or redevelopment; multiplied by

39 (B) the percentage from the following table:

40 YEAR OF DEDUCTION	PERCENTAGE
41 1st	75%
42 2nd	50%



- 1 under IC 6-1.1-4-4.2.
2 (d) The statutes to which subsection (a) refers are:
3 (1) IC 8-10-5-17 (for taxes due and payable before January 1,
4 2023);
5 (2) IC 8-22-3-11;
6 (3) IC 8-22-3-25 (for taxes due and payable before January 1,
7 2023);
8 (4) IC 12-29-1-1;
9 (5) IC 12-29-1-2;
10 (6) IC 12-29-1-3;
11 (7) IC 12-29-3-6;
12 (8) IC 13-21-3-12;
13 (9) IC 13-21-3-15;
14 (10) IC 14-27-6-30;
15 (11) IC 14-33-7-3;
16 (12) IC 14-33-21-5 (for taxes due and payable before January 1,
17 2023);
18 (13) IC 15-14-7-4;
19 (14) IC 15-14-9-1;
20 (15) IC 15-14-9-2;
21 (16) IC 16-20-2-18;
22 (17) IC 16-20-4-27;
23 (18) IC 16-20-7-2;
24 (19) IC 16-22-14;
25 (20) IC 16-23-1-29;
26 (21) IC 16-23-3-6;
27 (22) IC 16-23-4-2;
28 (23) IC 16-23-5-6;
29 (24) IC 16-23-7-2;
30 (25) IC 16-23-8-2;
31 (26) IC 16-23-9-2;
32 (27) IC 16-41-15-5;
33 (28) IC 16-41-33-4;
34 (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
35 (30) IC 20-46-6-5 (before its repeal on January 1, 2019);
36 (31) IC 20-49-2-10;
37 (32) IC 36-1-19-1;
38 (33) IC 23-14-66-2;
39 (34) IC 23-14-67-3;
40 (35) IC 36-7-13-4;
41 (36) IC 36-7-14-28;
42 (37) IC 36-7-15.1-16;



- 1 (38) IC 36-8-19-8.5 (for taxes due and payable before January 1,
 2 2023);
 3 (39) IC 36-9-6.1-2;
 4 (40) IC 36-9-17.5-4 (for taxes due and payable before January 1,
 5 2023);
 6 (41) IC 36-9-27-73;
 7 (42) IC 36-9-29-31;
 8 (43) IC 36-9-29.1-15;
 9 (44) IC 36-10-6-2;
 10 (45) IC 36-10-7-7;
 11 (46) IC 36-10-7-8;
 12 (47) IC 36-10-7.5-19 (for taxes due and payable before January 1,
 13 2023);
 14 (48) IC 36-10-13-5 (before the power to impose a levy was
 15 removed on January 1, 2019);
 16 (49) IC 36-10-13-7 (before the power to impose a levy was
 17 removed on January 1, 2019);
 18 (50) IC 36-10-14-4 (before its repeal on January 1, 2019);
 19 (51) IC 36-12-7-7;
 20 (52) IC 36-12-7-8;
 21 (53) IC 36-12-12-10;
 22 (54) a statute listed in IC 6-1.1-18.5-9.8 (for taxes due and
 23 payable before January 1, 2023); and
 24 (55) any statute enacted after December 31, 2003, that:
 25 (A) establishes a maximum rate for any part of the:
 26 (i) property taxes; or
 27 (ii) special benefits taxes;
 28 imposed by a political subdivision; and
 29 (B) does not exempt the maximum rate from the adjustment
 30 under this section.
 31 (e) For property tax rates imposed for property taxes first due and
 32 payable after December 31, 2013, the new maximum rate under a
 33 statute listed in subsection (d) is the tax rate determined under STEP
 34 EIGHT of the following STEPS:
 35 STEP ONE: Determine the maximum rate for the political
 36 subdivision levying a property tax or special benefits tax under
 37 the statute for the previous calendar year.
 38 STEP TWO: Determine the actual percentage change (rounded to
 39 the nearest one-hundredth percent (0.01%)) in the assessed value
 40 of the taxable property from the previous calendar year to the year
 41 in which the affected property taxes will be imposed.
 42 STEP THREE: Determine the three (3) calendar years that



- 1 immediately precede the year in which the affected property taxes
 2 will be imposed.
- 3 STEP FOUR: Compute separately, for each of the calendar years
 4 determined in STEP THREE, the actual percentage change
 5 (rounded to the nearest one-hundredth percent (0.01%)) in the
 6 assessed value, before the adjustment, if any, under IC 6-1.1-4-4.5
 7 **(before its repeal on January 1, 2026), or before the**
 8 **adjustment, if any, for agricultural land under IC 6-1.1-4-13.2**
 9 **(beginning after December 31, 2025)** of the taxable property
 10 from the preceding year.
- 11 STEP FIVE: Divide the sum of the three (3) quotients computed
 12 in STEP FOUR by three (3).
- 13 STEP SIX: Determine the greater of the following:
 14 (A) Zero (0).
 15 (B) The STEP FIVE result.
- 16 STEP SEVEN: Determine the greater of the following:
 17 (A) Zero (0).
 18 (B) The result of the STEP TWO percentage minus the STEP
 19 SIX percentage, if any.
- 20 STEP EIGHT: Determine the quotient of the STEP ONE tax rate
 21 divided by the sum of one (1) plus the STEP SEVEN percentage,
 22 if any.
- 23 (f) The department of local government finance shall compute the
 24 maximum rate allowed under subsection (e) and provide the rate to
 25 each political subdivision with authority to levy a tax under a statute
 26 listed in subsection (d).
- 27 SECTION 15. IC 6-1.1-37-9, AS AMENDED BY P.L.232-2017,
 28 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JANUARY 1, 2026]: Sec. 9. (a) This section applies when:
 30 (1) an assessment is made or increased after the date or dates on
 31 which the taxes for the year for which the assessment is made
 32 were originally due;
 33 (2) the assessment upon which a taxpayer has been paying taxes
 34 under IC 6-1.1-15-10(a)(1) or IC 6-1.1-15-10(a)(2) while a
 35 petition for review or a judicial proceeding has been pending is
 36 less than the assessment that results from the final determination
 37 of the petition for review or judicial proceeding; or
 38 (3) the collection of certain ad valorem property taxes has been
 39 enjoined under IC 33-26-6-2, and under the final determination of
 40 the petition for judicial review the taxpayer is liable for at least
 41 part of those taxes.
 42 (b) Except as provided in subsections (c) and (g), a taxpayer shall



1 pay interest on the taxes the taxpayer is required to pay as a result of an
 2 action or a determination described in subsection (a) at the rate
 3 established by the commissioner of the department of state revenue
 4 under IC 6-8.1-10-1 from the original due date or dates for those taxes
 5 to:

6 (1) the date of payment; or

7 (2) the date on which penalties for the late payment of a tax
 8 installment may be charged under subsection (e) or (f);

9 whichever occurs first. The interest shall be computed using the rate in
 10 effect for each particular year in which the interest accrued.

11 (c) Except as provided in subsection (g), a taxpayer shall pay
 12 interest on the taxes the taxpayer is ultimately required to pay in excess
 13 of the amount that the taxpayer is required to pay under
 14 IC 6-1.1-15-10(a)(1) while a petition for review or a judicial
 15 proceeding has been pending at the overpayment rate established under
 16 Section 6621(c)(1) of the Internal Revenue Code in effect on the
 17 original due date or dates for those taxes from the original due date or
 18 dates for those taxes to:

19 (1) the date of payment; or

20 (2) the date on which penalties for the late payment of a tax
 21 installment may be charged under subsection (e) or (f);

22 whichever occurs first.

23 (d) With respect to an action or determination described in
 24 subsection (a), the taxpayer shall pay the taxes resulting from that
 25 action or determination and the interest prescribed under subsection (b)
 26 or (c) on or before:

27 (1) the next May 10; or

28 (2) the next November 10;

29 whichever occurs first.

30 (e) A taxpayer shall begin paying the penalty prescribed in section
 31 10 of this chapter on the day after the date for payment prescribed in
 32 subsection (d) if:

33 (1) the taxpayer has not paid the amount of taxes resulting from
 34 the action or determination; and

35 (2) the taxpayer either:

36 (A) received notice of the taxes the taxpayer is required to pay
 37 as a result of the action or determination at least thirty (30)
 38 days before the date for payment; or

39 (B) voluntarily signed and filed an assessment return for the
 40 taxes.

41 (f) If subsection (e) does not apply, a taxpayer who has not paid the
 42 amount of taxes resulting from the action or determination shall begin



1 paying the penalty prescribed in section 10 of this chapter on:

2 (1) the next May 10 which follows the date for payment
3 prescribed in subsection (d); or

4 (2) the next November 10 which follows the date for payment
5 prescribed in subsection (d);

6 whichever occurs first.

7 (g) A taxpayer is not subject to the payment of interest on real
8 property assessments under subsection (b) or (c) if:

9 (1) an assessment is made or increased after the date or dates on
10 which the taxes for the year for which the assessment is made
11 were due;

12 (2) the assessment or the assessment increase is made as the result
13 of error or neglect by the assessor or by any other official
14 involved with the assessment of property or the collection of
15 property taxes; and

16 (3) the assessment:

17 (A) would have been made on the normal assessment date if
18 the error or neglect had not occurred; or

19 (B) increase would have been included in the assessment on
20 the normal ~~annual~~ assessment date if the error or neglect had
21 not occurred.

22 SECTION 16. IC 6-1.1-39-5, AS AMENDED BY P.L.214-2019,
23 SECTION 22, AND AS AMENDED BY P.L.257-2019, SECTION 68,
24 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
25 [EFFECTIVE JANUARY 1, 2026]: Sec. 5. (a) A declaratory ordinance
26 adopted under section 2 of this chapter and confirmed under section 3
27 of this chapter must include a provision with respect to the allocation
28 and distribution of property taxes for the purposes and in the manner
29 provided in this section. The allocation provision must apply to the
30 entire economic development district. The allocation provisions must
31 require that any property taxes subsequently levied by or for the benefit
32 of any public body entitled to a distribution of property taxes on taxable
33 property in the economic development district be allocated and
34 distributed as follows:

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

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

39 or

40 (B) the base assessed value;

41 shall be allocated to and, when collected, paid into the funds of
42 the respective taxing units. However, if the effective date of the



1 allocation provision of a declaratory ordinance is after March 1,
 2 1985, and before January 1, 1986, and if an improvement to
 3 property was partially completed on March 1, 1985, the unit may
 4 provide in the declaratory ordinance that the taxes attributable to
 5 the assessed value of the property as finally determined for March
 6 1, 1984, shall be allocated to and, when collected, paid into the
 7 funds of the respective taxing units.

8 (2) Except as otherwise provided in this section, part or all of the
 9 property tax proceeds in excess of those described in subdivision
 10 (1), as specified in the declaratory ordinance, shall be allocated to
 11 the unit for the economic development district and, when
 12 collected, paid into a special fund established by the unit for that
 13 economic development district that may be used only to pay the
 14 principal of and interest on obligations owed by the unit under
 15 IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of
 16 industrial development programs in, or serving, that economic
 17 development district. The amount not paid into the special fund
 18 shall be paid to the respective units in the manner prescribed by
 19 subdivision (1).

20 (3) When the money in the fund is sufficient to pay all
 21 outstanding principal of and interest (to the earliest date on which
 22 the obligations can be redeemed) on obligations owed by the unit
 23 under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing
 24 of industrial development programs in, or serving, that economic
 25 development district, money in the special fund in excess of that
 26 amount shall be paid to the respective taxing units in the manner
 27 prescribed by subdivision (1).

28 (b) Property tax proceeds allocable to the economic development
 29 district under subsection (a)(2) must, subject to subsection (a)(3), be
 30 irrevocably pledged by the unit for payment as set forth in subsection
 31 (a)(2).

32 (c) For the purpose of allocating taxes levied by or for any taxing
 33 unit or units, the assessed value of taxable property in a territory in the
 34 economic development district that is annexed by any taxing unit after
 35 the effective date of the allocation provision of the declaratory
 36 ordinance is the lesser of:

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

39 (2) the base assessed value.

40 (d) Notwithstanding any other law, each assessor shall, upon
 41 petition of the fiscal body, reassess the taxable property situated upon
 42 or in, or added to, the economic development district effective on the



1 next assessment date after the petition.

2 (e) Notwithstanding any other law, the assessed value of all taxable
3 property in the economic development district, for purposes of tax
4 limitation, property tax replacement, and formulation of the budget, tax
5 rate, and tax levy for each political subdivision in which the property
6 is located, is the lesser of:

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

10 (f) The state board of accounts and department of local government
11 finance shall make the rules and prescribe the forms and procedures
12 that they consider expedient for the implementation of this chapter.
13 After each reassessment of a group of parcels under a reassessment
14 plan prepared under IC 6-1.1-4-4.2 the department of local government
15 finance shall adjust the base assessed value one (1) time to neutralize
16 any effect of the reassessment on the property tax proceeds allocated
17 to the district under this section. After each annual adjustment **for**
18 **agricultural land** under ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the
19 department of local government finance shall adjust the base assessed
20 value to neutralize any effect of the annual adjustment on the property
21 tax proceeds allocated to the district under this section. However, the
22 adjustments under this subsection may not include the effect of
23 property tax abatements under IC 6-1.1-12.1.

24 (g) As used in this section, "property taxes" means:

- 25 (1) taxes imposed under this article on real property; and
26 (2) any part of the taxes imposed under this article on depreciable
27 personal property that the unit has by ordinance allocated to the
28 economic development district. However, the ordinance may not
29 limit the allocation to taxes on depreciable personal property with
30 any particular useful life or lives.

31 If a unit had, by ordinance adopted before May 8, 1987, allocated to an
32 economic development district property taxes imposed under IC 6-1.1
33 on depreciable personal property that has a useful life in excess of eight
34 (8) years, the ordinance continues in effect until an ordinance is
35 adopted by the unit under subdivision (2).

36 (h) As used in this section, "base assessed value" means, subject to
37 subsection (i):

- 38 (1) the net assessed value of all the property as finally determined
39 for the assessment date immediately preceding the effective date
40 of the allocation provision of the declaratory resolution, as
41 adjusted under subsection (f); plus
42 (2) to the extent that it is not included in subdivision (1), the net



1 assessed value of property that is assessed as residential property
2 under the rules of the department of local government finance,
3 *within the economic development district*, as finally determined
4 for ~~any~~ the current assessment date. *after the effective date of the*
5 *allocation provision.*

6 Subdivision (2) applies only to economic development districts
7 established after June 30, 1997, and to additional areas established
8 after June 30, 1997.

9 (i) If a fiscal body confirms, or modifies and confirms, an ordinance
10 under section 3 of this chapter and the fiscal body makes either of the
11 filings required under section 3(d) of this chapter after the first
12 anniversary of the effective date of the allocation provision in the
13 ordinance, the auditor of the county in which the unit is located shall
14 compute the base assessed value for the allocation area using the
15 assessment date immediately preceding the later of:

- 16 (1) the date on which the documents are filed with the county
17 auditor; or
- 18 (2) the date on which the documents are filed with the
19 department.

20 SECTION 17. IC 8-22-3.5-11, AS AMENDED BY P.L.86-2018,
21 SECTION 144, IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JANUARY 1, 2026]: Sec. 11. (a) The state board of
23 accounts and the department of local government finance shall make
24 the rules and prescribe the forms and procedures that the state board of
25 accounts and department consider appropriate for the implementation
26 of this chapter.

27 (b) After each reassessment under IC 6-1.1-4, the department of
28 local government finance shall adjust the base assessed value (as
29 defined in section 9 of this chapter) one (1) time to neutralize any effect
30 of the reassessment on the property tax proceeds allocated to the airport
31 development zone's special funds under section 9 of this chapter.

32 (c) After each annual adjustment **for agricultural land** under
33 ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the department of local government
34 finance shall adjust the base assessed value (as defined in section 9 of
35 this chapter) to neutralize any effect of the annual adjustment on the
36 property tax proceeds allocated to the airport development zone's
37 special funds under section 9 of this chapter.

38 SECTION 18. IC 36-7-14-39, AS AMENDED BY P.L.136-2024,
39 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40 JANUARY 1, 2026]: Sec. 39. (a) As used in this section:

41 "Allocation area" means that part of a redevelopment project area
42 to which an allocation provision of a declaratory resolution adopted



1 under section 15 of this chapter refers for purposes of distribution and
2 allocation of property taxes.

3 "Base assessed value" means, subject to subsection (j), the
4 following:

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

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

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

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

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

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

28 (3) If:

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

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

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

39 (4) Except as provided in subdivision (5), for all other allocation
40 areas, the net assessed value of all the property as finally
41 determined for the assessment date immediately preceding the
42 effective date of the allocation provision of the declaratory



1 resolution, as adjusted under subsection (h).

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

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

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

23 (b) A declaratory resolution adopted under section 15 of this chapter
24 on or before the allocation deadline determined under subsection (i)
25 may include a provision with respect to the allocation and distribution
26 of property taxes for the purposes and in the manner provided in this
27 section. A declaratory resolution previously adopted may include an
28 allocation provision by the amendment of that declaratory resolution on
29 or before the allocation deadline determined under subsection (i) in
30 accordance with the procedures required for its original adoption. A
31 declaratory resolution or amendment that establishes an allocation
32 provision must include a specific finding of fact, supported by
33 evidence, that the adoption of the allocation provision will result in
34 new property taxes in the area that would not have been generated but
35 for the adoption of the allocation provision. For an allocation area
36 established before July 1, 1995, the expiration date of any allocation
37 provisions for the allocation area is June 30, 2025, or the last date of
38 any obligations that are outstanding on July 1, 2015, whichever is later.
39 A declaratory resolution or an amendment that establishes an allocation
40 provision after June 30, 1995, must specify an expiration date for the
41 allocation provision. For an allocation area established before July 1,
42 2008, the expiration date may not be more than thirty (30) years after



1 the date on which the allocation provision is established. For an
 2 allocation area established after June 30, 2008, the expiration date may
 3 not be more than twenty-five (25) years after the date on which the first
 4 obligation was incurred to pay principal and interest on bonds or lease
 5 rentals on leases payable from tax increment revenues. However, with
 6 respect to bonds or other obligations that were issued before July 1,
 7 2008, if any of the bonds or other obligations that were scheduled when
 8 issued to mature before the specified expiration date and that are
 9 payable only from allocated tax proceeds with respect to the allocation
 10 area remain outstanding as of the expiration date, the allocation
 11 provision does not expire until all of the bonds or other obligations are
 12 no longer outstanding. Notwithstanding any other law, in the case of an
 13 allocation area that is established after June 30, 2019, and that is
 14 located in a redevelopment project area described in section
 15 25.1(c)(3)(C) of this chapter, an economic development area described
 16 in section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 17 area described in section 25.1(c)(3)(C) of this chapter, the expiration
 18 date of the allocation provision may not be more than thirty-five (35)
 19 years after the date on which the allocation provision is established.
 20 The allocation provision may apply to all or part of the redevelopment
 21 project area. The allocation provision must require that any property
 22 taxes subsequently levied by or for the benefit of any public body
 23 entitled to a distribution of property taxes on taxable property in the
 24 allocation area be allocated and distributed as follows:

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

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

30 (B) the base assessed value;

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

33 (2) This subdivision applies to a fire protection territory
 34 established after December 31, 2022. If a unit becomes a
 35 participating unit of a fire protection territory that is established
 36 after a declaratory resolution is adopted under section 15 of this
 37 chapter, the excess of the proceeds of the property taxes
 38 attributable to an increase in the property tax rate for the
 39 participating unit of a fire protection territory:

40 (A) except as otherwise provided by this subdivision, shall be
 41 determined as follows:

42 STEP ONE: Divide the unit's tax rate for fire protection for



1 the year before the establishment of the fire protection
 2 territory by the participating unit's tax rate as part of the fire
 3 protection territory.
 4 STEP TWO: Subtract the STEP ONE amount from one (1).
 5 STEP THREE: Multiply the STEP TWO amount by the
 6 allocated property tax attributable to the participating unit of
 7 the fire protection territory; and
 8 (B) to the extent not otherwise included in subdivisions (1)
 9 and (3), the amount determined under STEP THREE of clause
 10 (A) shall be allocated to and distributed in the form of an
 11 allocated property tax revenue pass back to the participating
 12 unit of the fire protection territory for the assessment date with
 13 respect to which the allocation is made.

14 However, if the redevelopment commission determines that it is
 15 unable to meet its debt service obligations with regards to the
 16 allocation area without all or part of the allocated property tax
 17 revenue pass back to the participating unit of a fire protection area
 18 under this subdivision, then the allocated property tax revenue
 19 pass back under this subdivision shall be reduced by the amount
 20 necessary for the redevelopment commission to meet its debt
 21 service obligations of the allocation area. The calculation under
 22 this subdivision must be made by the redevelopment commission
 23 in collaboration with the county auditor and the applicable fire
 24 protection territory. Any calculation determined according to
 25 clause (A) must be submitted to the department of local
 26 government finance in the manner prescribed by the department
 27 of local government finance. The department of local government
 28 finance shall verify the accuracy of each calculation.

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

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



- 1 (A) Pay the principal of and interest on any obligations
 2 payable solely from allocated tax proceeds which are incurred
 3 by the redevelopment district for the purpose of financing or
 4 refinancing the redevelopment of that allocation area.
- 5 (B) Establish, augment, or restore the debt service reserve for
 6 bonds payable solely or in part from allocated tax proceeds in
 7 that allocation area.
- 8 (C) Pay the principal of and interest on bonds payable from
 9 allocated tax proceeds in that allocation area and from the
 10 special tax levied under section 27 of this chapter.
- 11 (D) Pay the principal of and interest on bonds issued by the
 12 unit to pay for local public improvements that are physically
 13 located in or physically connected to that allocation area.
- 14 (E) Pay premiums on the redemption before maturity of bonds
 15 payable solely or in part from allocated tax proceeds in that
 16 allocation area.
- 17 (F) Make payments on leases payable from allocated tax
 18 proceeds in that allocation area under section 25.2 of this
 19 chapter.
- 20 (G) Reimburse the unit for expenditures made by it for local
 21 public improvements (which include buildings, parking
 22 facilities, and other items described in section 25.1(a) of this
 23 chapter) that are physically located in or physically connected
 24 to that allocation area.
- 25 (H) Reimburse the unit for rentals paid by it for a building or
 26 parking facility that is physically located in or physically
 27 connected to that allocation area under any lease entered into
 28 under IC 36-1-10.
- 29 (I) For property taxes first due and payable before January 1,
 30 2009, pay all or a part of a property tax replacement credit to
 31 taxpayers in an allocation area as determined by the
 32 redevelopment commission. This credit equals the amount
 33 determined under the following STEPS for each taxpayer in a
 34 taxing district (as defined in IC 6-1.1-1-20) that contains all or
 35 part of the allocation area:
- 36 STEP ONE: Determine that part of the sum of the amounts
 37 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 38 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 39 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to
 40 the taxing district.
- 41 STEP TWO: Divide:
- 42 (i) that part of each county's eligible property tax



1 replacement amount (as defined in IC 6-1.1-21-2 (before its
 2 repeal)) for that year as determined under IC 6-1.1-21-4
 3 (before its repeal) that is attributable to the taxing district;
 4 by
 5 (ii) the STEP ONE sum.
 6 STEP THREE: Multiply:
 7 (i) the STEP TWO quotient; times
 8 (ii) the total amount of the taxpayer's taxes (as defined in
 9 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
 10 that have been allocated during that year to an allocation
 11 fund under this section.
 12 If not all the taxpayers in an allocation area receive the credit
 13 in full, each taxpayer in the allocation area is entitled to
 14 receive the same proportion of the credit. A taxpayer may not
 15 receive a credit under this section and a credit under section
 16 39.5 of this chapter (before its repeal) in the same year.
 17 (J) Pay expenses incurred by the redevelopment commission
 18 for local public improvements that are in the allocation area or
 19 serving the allocation area. Public improvements include
 20 buildings, parking facilities, and other items described in
 21 section 25.1(a) of this chapter.
 22 (K) Reimburse public and private entities for expenses
 23 incurred in training employees of industrial facilities that are
 24 located:
 25 (i) in the allocation area; and
 26 (ii) on a parcel of real property that has been classified as
 27 industrial property under the rules of the department of local
 28 government finance.
 29 However, the total amount of money spent for this purpose in
 30 any year may not exceed the total amount of money in the
 31 allocation fund that is attributable to property taxes paid by the
 32 industrial facilities described in this clause. The
 33 reimbursements under this clause must be made within three
 34 (3) years after the date on which the investments that are the
 35 basis for the increment financing are made.
 36 (L) Pay the costs of carrying out an eligible efficiency project
 37 (as defined in IC 36-9-41-1.5) within the unit that established
 38 the redevelopment commission. However, property tax
 39 proceeds may be used under this clause to pay the costs of
 40 carrying out an eligible efficiency project only if those
 41 property tax proceeds exceed the amount necessary to do the
 42 following:



- 1 (i) Make, when due, any payments required under clauses
 2 (A) through (K), including any payments of principal and
 3 interest on bonds and other obligations payable under this
 4 subdivision, any payments of premiums under this
 5 subdivision on the redemption before maturity of bonds, and
 6 any payments on leases payable under this subdivision.
 7 (ii) Make any reimbursements required under this
 8 subdivision.
 9 (iii) Pay any expenses required under this subdivision.
 10 (iv) Establish, augment, or restore any debt service reserve
 11 under this subdivision.
 12 (M) Expend money and provide financial assistance as
 13 authorized in section 12.2(a)(27) of this chapter.
 14 (N) Expend revenues that are allocated for police and fire
 15 services on both capital expenditures and operating expenses
 16 as authorized in section 12.2(a)(28) of this chapter.
 17 The allocation fund may not be used for operating expenses of the
 18 commission.
 19 (5) Except as provided in subsection (g), before June 15 of each
 20 year, the commission shall do the following:
 21 (A) Determine the amount, if any, by which the assessed value
 22 of the taxable property in the allocation area for the most
 23 recent assessment date minus the base assessed value, when
 24 multiplied by the estimated tax rate of the allocation area, will
 25 exceed the amount of assessed value needed to produce the
 26 property taxes necessary to make, when due, principal and
 27 interest payments on bonds described in subdivision (4), plus
 28 the amount necessary for other purposes described in
 29 subdivision (4).
 30 (B) Provide a written notice to the county auditor, the fiscal
 31 body of the county or municipality that established the
 32 department of redevelopment, and the officers who are
 33 authorized to fix budgets, tax rates, and tax levies under
 34 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 35 or partly located within the allocation area. The county auditor,
 36 upon receiving the notice, shall forward this notice (in an
 37 electronic format) to the department of local government
 38 finance not later than June 15 of each year. The notice must:
 39 (i) state the amount, if any, of excess assessed value that the
 40 commission has determined may be allocated to the
 41 respective taxing units in the manner prescribed in
 42 subdivision (1); or



- 1 (ii) state that the commission has determined that there is no
 2 excess assessed value that may be allocated to the respective
 3 taxing units in the manner prescribed in subdivision (1).
 4 The county auditor shall allocate to the respective taxing units
 5 the amount, if any, of excess assessed value determined by the
 6 commission. The commission may not authorize an allocation
 7 of assessed value to the respective taxing units under this
 8 subdivision if to do so would endanger the interests of the
 9 holders of bonds described in subdivision (4) or lessors under
 10 section 25.3 of this chapter.
- 11 (C) If:
- 12 (i) the amount of excess assessed value determined by the
 13 commission is expected to generate more than two hundred
 14 percent (200%) of the amount of allocated tax proceeds
 15 necessary to make, when due, principal and interest
 16 payments on bonds described in subdivision (4); plus
 17 (ii) the amount necessary for other purposes described in
 18 subdivision (4);
- 19 the commission shall submit to the legislative body of the unit
 20 its determination of the excess assessed value that the
 21 commission proposes to allocate to the respective taxing units
 22 in the manner prescribed in subdivision (1). The legislative
 23 body of the unit may approve the commission's determination
 24 or modify the amount of the excess assessed value that will be
 25 allocated to the respective taxing units in the manner
 26 prescribed in subdivision (1).
- 27 (6) Notwithstanding subdivision (5), in the case of an allocation
 28 area that is established after June 30, 2019, and that is located in
 29 a redevelopment project area described in section 25.1(c)(3)(C)
 30 of this chapter, an economic development area described in
 31 section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 32 area described in section 25.1(c)(3)(C) of this chapter, for each
 33 year the allocation provision is in effect, if the amount of excess
 34 assessed value determined by the commission under subdivision
 35 (5)(A) is expected to generate more than two hundred percent
 36 (200%) of:
- 37 (A) the amount of allocated tax proceeds necessary to make,
 38 when due, principal and interest payments on bonds described
 39 in subdivision (4) for the project; plus
 40 (B) the amount necessary for other purposes described in
 41 subdivision (4) for the project;
- 42 the amount of the excess assessed value that generates more than



- 1 two hundred percent (200%) of the amounts described in clauses
 2 (A) and (B) shall be allocated to the respective taxing units in the
 3 manner prescribed by subdivision (1).
 4 (c) For the purpose of allocating taxes levied by or for any taxing
 5 unit or units, the assessed value of taxable property in a territory in the
 6 allocation area that is annexed by any taxing unit after the effective
 7 date of the allocation provision of the declaratory resolution is the
 8 lesser of:
 9 (1) the assessed value of the property for the assessment date with
 10 respect to which the allocation and distribution is made; or
 11 (2) the base assessed value.
 12 (d) Property tax proceeds allocable to the redevelopment district
 13 under subsection (b)(4) may, subject to subsection (b)(5), be
 14 irrevocably pledged by the redevelopment district for payment as set
 15 forth in subsection (b)(4).
 16 (e) Notwithstanding any other law, each assessor shall, upon
 17 petition of the redevelopment commission, reassess the taxable
 18 property situated upon or in, or added to, the allocation area, effective
 19 on the next assessment date after the petition.
 20 (f) Notwithstanding any other law, the assessed value of all taxable
 21 property in the allocation area, for purposes of tax limitation, property
 22 tax replacement, and formulation of the budget, tax rate, and tax levy
 23 for each political subdivision in which the property is located is the
 24 lesser of:
 25 (1) the assessed value of the property as valued without regard to
 26 this section; or
 27 (2) the base assessed value.
 28 (g) If any part of the allocation area is located in an enterprise zone
 29 created under IC 5-28-15, the unit that designated the allocation area
 30 shall create funds as specified in this subsection. A unit that has
 31 obligations, bonds, or leases payable from allocated tax proceeds under
 32 subsection (b)(4) shall establish an allocation fund for the purposes
 33 specified in subsection (b)(4) and a special zone fund. Such a unit
 34 shall, until the end of the enterprise zone phase out period, deposit each
 35 year in the special zone fund any amount in the allocation fund derived
 36 from property tax proceeds in excess of those described in subsection
 37 (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone
 38 that exceeds the amount sufficient for the purposes specified in
 39 subsection (b)(4) for the year. The amount sufficient for purposes
 40 specified in subsection (b)(4) for the year shall be determined based on
 41 the pro rata portion of such current property tax proceeds from the part
 42 of the enterprise zone that is within the allocation area as compared to



1 all such current property tax proceeds derived from the allocation area.
 2 A unit that has no obligations, bonds, or leases payable from allocated
 3 tax proceeds under subsection (b)(4) shall establish a special zone fund
 4 and deposit all the property tax proceeds in excess of those described
 5 in subsection (b)(1), (b)(2), and (b)(3) in the fund derived from
 6 property tax proceeds in excess of those described in subsection (b)(1),
 7 (b)(2), and (b)(3) from property located in the enterprise zone. The unit
 8 that creates the special zone fund shall use the fund (based on the
 9 recommendations of the urban enterprise association) for programs in
 10 job training, job enrichment, and basic skill development that are
 11 designed to benefit residents and employers in the enterprise zone or
 12 other purposes specified in subsection (b)(4), except that where
 13 reference is made in subsection (b)(4) to allocation area it shall refer
 14 for purposes of payments from the special zone fund only to that part
 15 of the allocation area that is also located in the enterprise zone. Those
 16 programs shall reserve at least one-half (1/2) of their enrollment in any
 17 session for residents of 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 reassessment in an area under a reassessment plan prepared
 22 under IC 6-1.1-4-4.2, the department of local government finance shall
 23 adjust the base assessed value one (1) time to neutralize any effect of
 24 the reassessment of the real property in the area on the property tax
 25 proceeds allocated to the redevelopment district under this section.
 26 After each annual adjustment **for agricultural land** under
 27 ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the department of local government
 28 finance shall adjust the base assessed value one (1) time to neutralize
 29 any effect of the annual adjustment on the property tax proceeds
 30 allocated to the redevelopment district under this section. However, the
 31 adjustments under this subsection:

- 32 (1) may not include the effect of phasing in assessed value due to
 33 property tax abatements under IC 6-1.1-12.1;
 34 (2) may not produce less property tax proceeds allocable to the
 35 redevelopment district under subsection (b)(4) than would
 36 otherwise have been received if the reassessment under the
 37 reassessment plan or the annual adjustment **for agricultural land**
 38 had not occurred; and
 39 (3) may decrease base assessed value only to the extent that
 40 assessed values in the allocation area have been decreased due to
 41 annual adjustments **for agricultural land** or the reassessment
 42 under the reassessment plan.



1 Assessed value increases attributable to the application of an abatement
 2 schedule under IC 6-1.1-12.1 may not be included in the base assessed
 3 value of an allocation area. The department of local government
 4 finance may prescribe procedures for county and township officials to
 5 follow to assist the department in making the adjustments.

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

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

9 (2) Subject to subdivision (3), the initial allocation deadline and
 10 subsequent allocation deadlines are automatically extended in
 11 increments of five (5) years, so that allocation deadlines
 12 subsequent to the initial allocation deadline fall on December 31,
 13 2016, and December 31 of each fifth year thereafter.

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

17 (A) terminates the automatic extension of allocation deadlines
 18 under subdivision (2); and

19 (B) specifically designates a particular date as the final
 20 allocation deadline.

21 (j) If a redevelopment commission adopts a declaratory resolution
 22 or an amendment to a declaratory resolution that contains an allocation
 23 provision and the redevelopment commission makes either of the
 24 filings required under section 17(e) of this chapter after the first
 25 anniversary of the effective date of the allocation provision, the auditor
 26 of the county in which the unit is located shall compute the base
 27 assessed value for the allocation area using the assessment date
 28 immediately preceding the later of:

29 (1) the date on which the documents are filed with the county
 30 auditor; or

31 (2) the date on which the documents are filed with the department
 32 of local government finance.

33 (k) For an allocation area established after June 30, 2025,
 34 "residential property" refers to the assessed value of property that is
 35 allocated to the one percent (1%) homestead land and improvement
 36 categories in the county tax and billing software system, along with the
 37 residential assessed value as defined for purposes of calculating the
 38 rate for the local income tax property tax relief credit designated for
 39 residential property under IC 6-3.6-5-6(d)(3).

40 SECTION 19. IC 36-7-15.1-26, AS AMENDED BY P.L.174-2022,
 41 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JANUARY 1, 2026]: Sec. 26. (a) As used in this section:



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, subject to subsection (j), the
 6 following:

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

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

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

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

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

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

31 (3) If:

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

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

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

42 (4) Except as provided in subdivision (5), for all other allocation



1 areas, the net assessed value of all the property as finally
 2 determined for the assessment date immediately preceding the
 3 effective date of the allocation provision of the declaratory
 4 resolution, as adjusted under subsection (h).

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

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

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

26 (b) A resolution adopted under section 8 of this chapter on or before
 27 the allocation deadline determined under subsection (i) may include a
 28 provision with respect to the allocation and distribution of property
 29 taxes for the purposes and in the manner provided in this section. A
 30 resolution previously adopted may include an allocation provision by
 31 the amendment of that resolution on or before the allocation deadline
 32 determined under subsection (i) in accordance with the procedures
 33 required for its original adoption. A declaratory resolution or
 34 amendment that establishes an allocation provision must include a
 35 specific finding of fact, supported by evidence, that the adoption of the
 36 allocation provision will result in new property taxes in the area that
 37 would not have been generated but for the adoption of the allocation
 38 provision. For an allocation area established before July 1, 1995, the
 39 expiration date of any allocation provisions for the allocation area is
 40 June 30, 2025, or the last date of any obligations that are outstanding
 41 on July 1, 2015, whichever is later. However, for an allocation area
 42 identified as the Consolidated Allocation Area in the report submitted



1 in 2013 to the fiscal body under section 36.3 of this chapter, the
 2 expiration date of any allocation provisions for the allocation area is
 3 January 1, 2051. A declaratory resolution or an amendment that
 4 establishes an allocation provision after June 30, 1995, must specify an
 5 expiration date for the allocation provision. For an allocation area
 6 established before July 1, 2008, the expiration date may not be more
 7 than thirty (30) years after the date on which the allocation provision
 8 is established. For an allocation area established after June 30, 2008,
 9 the expiration date may not be more than twenty-five (25) years after
 10 the date on which the first obligation was incurred to pay principal and
 11 interest on bonds or lease rentals on leases payable from tax increment
 12 revenues. However, with respect to bonds or other obligations that were
 13 issued before July 1, 2008, if any of the bonds or other obligations that
 14 were scheduled when issued to mature before the specified expiration
 15 date and that are payable only from allocated tax proceeds with respect
 16 to the allocation area remain outstanding as of the expiration date, the
 17 allocation provision does not expire until all of the bonds or other
 18 obligations are no longer outstanding. The allocation provision may
 19 apply to all or part of the redevelopment project area. The allocation
 20 provision must require that any property taxes subsequently levied by
 21 or for the benefit of any public body entitled to a distribution of
 22 property taxes on taxable property in the allocation area be allocated
 23 and distributed as follows:

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

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

29 (B) the base assessed value;

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

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

40 (3) Except as otherwise provided in this section, property tax
 41 proceeds in excess of those described in subdivisions (1) and (2)
 42 shall be allocated to the redevelopment district and, when



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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 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



1 reimbursements under this clause must be made within three
 2 (3) years after the date on which the investments that are the
 3 basis for the increment financing are made.

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

11 (i) Make, when due, any payments required under clauses
 12 (A) through (I), including any payments of principal and
 13 interest on bonds and other obligations payable under this
 14 subdivision, any payments of premiums under this
 15 subdivision on the redemption before maturity of bonds, and
 16 any payments on leases payable under this subdivision.

17 (ii) Make any reimbursements required under this
 18 subdivision.

19 (iii) Pay any expenses required under this subdivision.

20 (iv) Establish, augment, or restore any debt service reserve
 21 under this subdivision.

22 (K) Expend money and provide financial assistance as
 23 authorized in section 7(a)(21) of this chapter.

24 The special fund may not be used for operating expenses of the
 25 commission.

26 (4) Before June 15 of each year, the commission shall do the
 27 following:

28 (A) Determine the amount, if any, by which the assessed value
 29 of the taxable property in the allocation area for the most
 30 recent assessment date minus the base assessed value, when
 31 multiplied by the estimated tax rate of the allocation area will
 32 exceed the amount of assessed value needed to provide the
 33 property taxes necessary to make, when due, principal and
 34 interest payments on bonds described in subdivision (3) plus
 35 the amount necessary for other purposes described in
 36 subdivision (3) and subsection (g).

37 (B) Provide a written notice to the county auditor, the
 38 legislative body of the consolidated city, the officers who are
 39 authorized to fix budgets, tax rates, and tax levies under
 40 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 41 or partly located within the allocation area, and (in an
 42 electronic format) the department of local government finance.



- 1 The notice must:
- 2 (i) state the amount, if any, of excess assessed value that the
- 3 commission has determined may be allocated to the
- 4 respective taxing units in the manner prescribed in
- 5 subdivision (1); or
- 6 (ii) state that the commission has determined that there is no
- 7 excess assessed value that may be allocated to the respective
- 8 taxing units in the manner prescribed in subdivision (1).
- 9 The county auditor shall allocate to the respective taxing units
- 10 the amount, if any, of excess assessed value determined by the
- 11 commission. The commission may not authorize an allocation
- 12 to the respective taxing units under this subdivision if to do so
- 13 would endanger the interests of the holders of bonds described
- 14 in subdivision (3).
- 15 (C) If:
- 16 (i) the amount of excess assessed value determined by the
- 17 commission is expected to generate more than two hundred
- 18 percent (200%) of the amount of allocated tax proceeds
- 19 necessary to make, when due, principal and interest
- 20 payments on bonds described in subdivision (3); plus
- 21 (ii) the amount necessary for other purposes described in
- 22 subdivision (3) and subsection (g);
- 23 the commission shall submit to the legislative body of the unit
- 24 the commission's determination of the excess assessed value
- 25 that the commission proposes to allocate to the respective
- 26 taxing units in the manner prescribed in subdivision (1). The
- 27 legislative body of the unit may approve the commission's
- 28 determination or modify the amount of the excess assessed
- 29 value that will be allocated to the respective taxing units in the
- 30 manner prescribed in subdivision (1).
- 31 (c) For the purpose of allocating taxes levied by or for any taxing
- 32 unit or units, the assessed value of taxable property in a territory in the
- 33 allocation area that is annexed by any taxing unit after the effective
- 34 date of the allocation provision of the resolution is the lesser of:
- 35 (1) the assessed value of the property for the assessment date with
- 36 respect to which the allocation and distribution is made; or
- 37 (2) the base assessed value.
- 38 (d) Property tax proceeds allocable to the redevelopment district
- 39 under subsection (b)(3) may, subject to subsection (b)(4), be
- 40 irrevocably pledged by the redevelopment district for payment as set
- 41 forth in subsection (b)(3).
- 42 (e) Notwithstanding any other law, each assessor shall, upon



1 petition of the commission, reassess the taxable property situated upon
 2 or in, or added to, the allocation area, effective on the next assessment
 3 date after the petition.

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

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

11 (2) the base assessed value.

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

32 (1) To pay for programs in job training, job enrichment, and basic
 33 skill development designed to benefit residents and employers in
 34 the enterprise zone. The programs must reserve at least one-half
 35 (1/2) of the enrollment in any session for residents of the
 36 enterprise zone.

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

41 (A) Businesses operating in the enterprise zone.

42 (B) Businesses that will move their operations to the enterprise



- 1 zone if such a loan or grant is made.
- 2 (3) To provide funds to carry out other purposes specified in
- 3 subsection (b)(3). However, where reference is made in
- 4 subsection (b)(3) to the allocation area, the reference refers for
- 5 purposes of payments from the special zone fund only to that part
- 6 of the allocation area that is also located in the enterprise zone.
- 7 (h) The state board of accounts and department of local government
- 8 finance shall make the rules and prescribe the forms and procedures
- 9 that they consider expedient for the implementation of this chapter.
- 10 After each reassessment under a reassessment plan prepared under
- 11 IC 6-1.1-4-4.2, the department of local government finance shall adjust
- 12 the base assessed value one (1) time to neutralize any effect of the
- 13 reassessment of the real property in the area on the property tax
- 14 proceeds allocated to the redevelopment district under this section.
- 15 After each annual adjustment **for agricultural land** under
- 16 ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the department of local government
- 17 finance shall adjust the base assessed value to neutralize any effect of
- 18 the 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 reassessment under the reassessment plan or annual
- 25 adjustment **for agricultural land** had not occurred. The department of
- 26 local government finance may prescribe procedures for county and
- 27 township officials to follow to assist the department in making the
- 28 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



1 allocation deadline.

2 (j) If the commission adopts a declaratory resolution or an
3 amendment to a declaratory resolution that contains an allocation
4 provision and the commission makes either of the filings required
5 under section 10(e) of this chapter after the first anniversary of the
6 effective date of the allocation provision, the auditor of the county in
7 which the unit is located shall compute the base assessed value for the
8 allocation area using the assessment date immediately preceding the
9 later of:

- 10 (1) the date on which the documents are filed with the county
11 auditor; or
12 (2) the date on which the documents are filed with the department
13 of local government finance.

14 (k) For an allocation area established after June 30, 2024,
15 "residential property" refers to the assessed value of property that is
16 allocated to the one percent (1%) homestead land and improvement
17 categories in the county tax and billing software system, along with the
18 residential assessed value as defined for purposes of calculating the
19 rate for the local income tax property tax relief credit designated for
20 residential property under IC 6-3.6-5-6(d)(3).

21 SECTION 20. IC 36-7-15.1-53, AS AMENDED BY P.L.174-2022,
22 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JANUARY 1, 2026]: Sec. 53. (a) As used in this section:

24 "Allocation area" means that part of a redevelopment project area
25 to which an allocation provision of a resolution adopted under section
26 40 of this chapter refers for purposes of distribution and allocation of
27 property taxes.

28 "Base assessed value" means, subject to subsection (j):

- 29 (1) the net assessed value of all the property as finally determined
30 for the assessment date immediately preceding the effective date
31 of the allocation provision of the declaratory resolution, as
32 adjusted under subsection (h); plus
33 (2) to the extent that it is not included in subdivision (1), the net
34 assessed value of property that is assessed as residential property
35 under the rules of the department of local government finance, as
36 finally determined for the current assessment date.

37 Except as provided in section 55 of this chapter, "property taxes"
38 means taxes imposed under IC 6-1.1 on real property.

39 (b) A resolution adopted under section 40 of this chapter on or
40 before the allocation deadline determined under subsection (i) may
41 include a provision with respect to the allocation and distribution of
42 property taxes for the purposes and in the manner provided in this



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

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

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

30 or

31 (B) the base assessed value;

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

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

42 (3) Except as otherwise provided in this section, property tax



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

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

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

13 (C) Pay the principal of and interest on bonds payable from
 14 allocated tax proceeds in that allocation area and from the
 15 special tax levied under section 50 of this chapter.

16 (D) Pay the principal of and interest on bonds issued by the
 17 excluded city to pay for local public improvements that are
 18 physically located in or physically connected to that allocation
 19 area.

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

23 (F) Make payments on leases payable from allocated tax
 24 proceeds in that allocation area under section 46 of this
 25 chapter.

26 (G) Reimburse the excluded city for expenditures for local
 27 public improvements (which include buildings, park facilities,
 28 and other items set forth in section 45 of this chapter) that are
 29 physically located in or physically connected to that allocation
 30 area.

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

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

37 (i) in the allocation area; and

38 (ii) on a parcel of real property that has been classified as
 39 industrial property under the rules of the department of local
 40 government finance.

41 However, the total amount of money spent for this purpose in
 42 any year may not exceed the total amount of money in the



1 allocation fund that is attributable to property taxes paid by the
 2 industrial facilities described in this clause. The
 3 reimbursements under this clause must be made within three
 4 (3) years after the date on which the investments that are the
 5 basis for the increment financing are made.

6 The special fund may not be used for operating expenses of the
 7 commission.

8 (4) Before June 15 of each year, the commission shall do the
 9 following:

10 (A) Determine the amount, if any, by which the assessed value
 11 of the taxable property in the allocation area for the most
 12 recent assessment date minus the base assessed value, when
 13 multiplied by the estimated tax rate of the allocation area, will
 14 exceed the amount of assessed value needed to provide the
 15 property taxes necessary to make, when due, principal and
 16 interest payments on bonds described in subdivision (3) plus
 17 the amount necessary for other purposes described in
 18 subdivision (3) and subsection (g).

19 (B) Provide a written notice to the county auditor, the fiscal
 20 body of the county or municipality that established the
 21 department of redevelopment, the officers who are authorized
 22 to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
 23 each of the other taxing units that is wholly or partly located
 24 within the allocation area, and (in an electronic format) the
 25 department of local government finance. The notice must:

26 (i) state the amount, if any, of excess assessed value that the
 27 commission has determined may be allocated to the
 28 respective taxing units in the manner prescribed in
 29 subdivision (1); or

30 (ii) state that the commission has determined that there is no
 31 excess assessed value that may be allocated to the respective
 32 taxing units in the manner prescribed in subdivision (1).

33 The county auditor shall allocate to the respective taxing units
 34 the amount, if any, of excess assessed value determined by the
 35 commission. The commission may not authorize an allocation
 36 to the respective taxing units under this subdivision if to do so
 37 would endanger the interests of the holders of bonds described
 38 in subdivision (3).

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



- 1 (1) the assessed value of the property for the assessment date with
 2 respect to which the allocation and distribution is made; or
 3 (2) the base assessed value.
- 4 (d) Property tax proceeds allocable to the redevelopment district
 5 under subsection (b)(3) may, subject to subsection (b)(4), be
 6 irrevocably pledged by the redevelopment district for payment as set
 7 forth in subsection (b)(3).
- 8 (e) Notwithstanding any other law, each assessor shall, upon
 9 petition of the commission, reassess the taxable property situated upon
 10 or in, or added to, the allocation area, effective on the next assessment
 11 date after the petition.
- 12 (f) Notwithstanding any other law, the assessed value of all taxable
 13 property in the allocation area, for purposes of tax limitation, property
 14 tax replacement, and formulation of the budget, tax rate, and tax levy
 15 for each political subdivision in which the property is located, is the
 16 lesser of:
- 17 (1) the assessed value of the property as valued without regard to
 18 this section; or
 19 (2) the base assessed value.
- 20 (g) If any part of the allocation area is located in an enterprise zone
 21 created under IC 5-28-15, the unit that designated the allocation area
 22 shall create funds as specified in this subsection. A unit that has
 23 obligations, bonds, or leases payable from allocated tax proceeds under
 24 subsection (b)(3) shall establish an allocation fund for the purposes
 25 specified in subsection (b)(3) and a special zone fund. Such a unit
 26 shall, until the end of the enterprise zone phase out period, deposit each
 27 year in the special zone fund the amount in the allocation fund derived
 28 from property tax proceeds in excess of those described in subsection
 29 (b)(1) and (b)(2) from property located in the enterprise zone that
 30 exceeds the amount sufficient for the purposes specified in subsection
 31 (b)(3) for the year. A unit that has no obligations, bonds, or leases
 32 payable from allocated tax proceeds under subsection (b)(3) shall
 33 establish a special zone fund and deposit all the property tax proceeds
 34 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 35 derived from property tax proceeds in excess of those described in
 36 subsection (b)(1) and (b)(2) from property located in the enterprise
 37 zone. The unit that creates the special zone fund shall use the fund,
 38 based on the recommendations of the urban enterprise association, for
 39 one (1) or more of the following purposes:
- 40 (1) To pay for programs in job training, job enrichment, and basic
 41 skill development designed to benefit residents and employers in
 42 the enterprise zone. The programs must reserve at least one-half



- 1 (1/2) of the enrollment in any session for residents of the
 2 enterprise zone.
- 3 (2) To make loans and grants for the purpose of stimulating
 4 business activity in the enterprise zone or providing employment
 5 for enterprise zone residents in an enterprise zone. These loans
 6 and grants may be made to the following:
- 7 (A) Businesses operating in the enterprise zone.
- 8 (B) Businesses that will move their operations to the enterprise
 9 zone if such a loan or grant is made.
- 10 (3) To provide funds to carry out other purposes specified in
 11 subsection (b)(3). However, where reference is made in
 12 subsection (b)(3) to the allocation area, the reference refers, for
 13 purposes of payments from the special zone fund, only to that part
 14 of the allocation area that is also located in the enterprise zone.
- 15 (h) The state board of accounts and department of local government
 16 finance shall make the rules and prescribe the forms and procedures
 17 that they consider expedient for the implementation of this chapter.
 18 After each reassessment of real property in an area under a county's
 19 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
 20 local government finance shall adjust the base assessed value one (1)
 21 time to neutralize any effect of the reassessment of the real property in
 22 the area on the property tax proceeds allocated to the redevelopment
 23 district under this section. After each annual adjustment **for**
 24 **agricultural land** under ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the
 25 department of local government finance shall adjust the base assessed
 26 value to neutralize any effect of the annual adjustment on the property
 27 tax proceeds allocated to the redevelopment district under this section.
 28 However, the adjustments under this subsection may not include the
 29 effect of property tax abatements under IC 6-1.1-12.1, and these
 30 adjustments may not produce less property tax proceeds allocable to
 31 the redevelopment district under subsection (b)(3) than would
 32 otherwise have been received if the reassessment under the county's
 33 reassessment plan or annual adjustment **for agricultural land** had not
 34 occurred. The department of local government finance may prescribe
 35 procedures for county and township officials to follow to assist the
 36 department in making the adjustments.
- 37 (i) The allocation deadline referred to in subsection (b) is
 38 determined in the following manner:
- 39 (1) The initial allocation deadline is December 31, 2011.
- 40 (2) Subject to subdivision (3), the initial allocation deadline and
 41 subsequent allocation deadlines are automatically extended in
 42 increments of five (5) years, so that allocation deadlines



1 subsequent to the initial allocation deadline fall on December 31,
2 2016, and December 31 of each fifth year thereafter.

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

6 (A) terminates the automatic extension of allocation deadlines
7 under subdivision (2); and

8 (B) specifically designates a particular date as the final
9 allocation deadline.

10 (j) If the commission adopts a declaratory resolution or an
11 amendment to a declaratory resolution that contains an allocation
12 provision and the commission makes either of the filings required
13 under section 10(e) of this chapter after the first anniversary of the
14 effective date of the allocation provision, the auditor of the county in
15 which the unit is located shall compute the base assessed value for the
16 allocation area using the assessment date immediately preceding the
17 later of:

18 (1) the date on which the documents are filed with the county
19 auditor; or

20 (2) the date on which the documents are filed with the department
21 of local government finance.

22 (k) For an allocation area established after June 30, 2024,
23 "residential property" refers to the assessed value of property that is
24 allocated to the one percent (1%) homestead land and improvement
25 categories in the county tax and billing software system, along with the
26 residential assessed value as defined for purposes of calculating the
27 rate for the local income tax property tax relief credit designated for
28 residential property under IC 6-3.6-5-6(d)(3).

29 SECTION 21. IC 36-7-30-25, AS AMENDED BY P.L.174-2022,
30 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JANUARY 1, 2026]: Sec. 25. (a) The following definitions apply
32 throughout this section:

33 (1) "Allocation area" means that part of a military base reuse area
34 to which an allocation provision of a declaratory resolution
35 adopted under section 10 of this chapter refers for purposes of
36 distribution and allocation of property taxes.

37 (2) "Base assessed value" means, subject to subsection (i):

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

42 (B) to the extent that it is not included in clause (A) or (C), the



1 net assessed value of any and all parcels or classes of parcels
 2 identified as part of the base assessed value in the declaratory
 3 resolution or an amendment thereto, as finally determined for
 4 any subsequent assessment date; plus

5 (C) to the extent that it is not included in clause (A) or (B), the
 6 net assessed value of property that is assessed as residential
 7 property under the rules of the department of local government
 8 finance, within the allocation area, as finally determined for
 9 the current assessment date.

10 Clause (C) applies only to allocation areas established in a
 11 military reuse area after June 30, 1997, and to the part of an
 12 allocation area that was established before June 30, 1997, and that
 13 is added to an existing allocation area after June 30, 1997.

14 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
 15 property.

16 (b) A declaratory resolution adopted under section 10 of this chapter
 17 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
 18 resolutions adopted under IC 36-7-14-15 may include a provision with
 19 respect to the allocation and distribution of property taxes for the
 20 purposes and in the manner provided in this section. A declaratory
 21 resolution previously adopted may include an allocation provision by
 22 the amendment of that declaratory resolution in accordance with the
 23 procedures set forth in section 13 of this chapter. The allocation
 24 provision may apply to all or part of the military base reuse area. The
 25 allocation provision must require that any property taxes subsequently
 26 levied by or for the benefit of any public body entitled to a distribution
 27 of property taxes on taxable property in the allocation area be allocated
 28 and distributed as follows:

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

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

34 (B) the base assessed value;

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

37 (2) The excess of the proceeds of the property taxes imposed for
 38 the assessment date with respect to which the allocation and
 39 distribution are made that are attributable to taxes imposed after
 40 being approved by the voters in a referendum or local public
 41 question conducted after April 30, 2010, not otherwise included
 42 in subdivision (1) shall be allocated to and, when collected, paid



1 into the funds of the taxing unit for which the referendum or local
2 public question was conducted.

3 (3) Except as otherwise provided in this section, property tax
4 proceeds in excess of those described in subdivisions (1) and (2)
5 shall be allocated to the military base reuse district and, when
6 collected, paid into an allocation fund for that allocation area that
7 may be used by the military base reuse district and only to do one
8 (1) or more of the following:

9 (A) Pay the principal of and interest and redemption premium
10 on any obligations incurred by the military base reuse district
11 or any other entity for the purpose of financing or refinancing
12 military base reuse activities in or directly serving or
13 benefiting that allocation area.

14 (B) Establish, augment, or restore the debt service reserve for
15 bonds payable solely or in part from allocated tax proceeds in
16 that allocation area or from other revenues of the reuse
17 authority, including lease rental revenues.

18 (C) Make payments on leases payable solely or in part from
19 allocated tax proceeds in that allocation area.

20 (D) Reimburse any other governmental body for expenditures
21 made for local public improvements (or structures) in or
22 directly serving or benefiting that allocation area.

23 (E) Pay expenses incurred by the reuse authority, any other
24 department of the unit, or a department of another
25 governmental entity for local public improvements or
26 structures that are in the allocation area or directly serving or
27 benefiting the allocation area, including expenses for the
28 operation and maintenance of these local public improvements
29 or structures if the reuse authority determines those operation
30 and maintenance expenses are necessary or desirable to carry
31 out the purposes of this chapter.

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

35 (i) in the allocation area; and

36 (ii) on a parcel of real property that has been classified as
37 industrial property under the rules of the department of local
38 government finance.

39 However, the total amount of money spent for this purpose in
40 any year may not exceed the total amount of money in the
41 allocation fund that is attributable to property taxes paid by the
42 industrial facilities described in this clause. The



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



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

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

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

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

16 (2) the base assessed value.

17 (g) If any part of the allocation area is located in an enterprise zone
18 created under IC 5-28-15, the unit that designated the allocation area
19 shall create funds as specified in this subsection. A unit that has
20 obligations, bonds, or leases payable from allocated tax proceeds under
21 subsection (b)(3) shall establish an allocation fund for the purposes
22 specified in subsection (b)(3) and a special zone fund. Such a unit
23 shall, until the end of the enterprise zone phase out period, deposit each
24 year in the special zone fund any amount in the allocation fund derived
25 from property tax proceeds in excess of those described in subsection
26 (b)(1) and (b)(2) from property located in the enterprise zone that
27 exceeds the amount sufficient for the purposes specified in subsection
28 (b)(3) for the year. The amount sufficient for purposes specified in
29 subsection (b)(3) for the year shall be determined based on the pro rata
30 part of such current property tax proceeds from the part of the
31 enterprise zone that is within the allocation area as compared to all
32 such current property tax proceeds derived from the allocation area. A
33 unit that does not have obligations, bonds, or leases payable from
34 allocated tax proceeds under subsection (b)(3) shall establish a special
35 zone fund and deposit all the property tax proceeds in excess of those
36 described in subsection (b)(1) and (b)(2) that are derived from property
37 in the enterprise zone in the fund. The unit that creates the special zone
38 fund shall use the fund (based on the recommendations of the urban
39 enterprise association) for programs in job training, job enrichment,
40 and basic skill development that are designed to benefit residents and
41 employers in the enterprise zone or other purposes specified in
42 subsection (b)(3), except that where reference is made in subsection



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

6 (h) After each reassessment of real property in an area under the
 7 county's reassessment plan under IC 6-1.1-4-4.2, the department of
 8 local government finance shall adjust the base assessed value one (1)
 9 time to neutralize any effect of the reassessment of the real property in
 10 the area on the property tax proceeds allocated to the military base
 11 reuse district under this section. After each annual adjustment **for**
 12 **agricultural land** under ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the
 13 department of local government finance shall adjust the base assessed
 14 value to neutralize any effect of the annual adjustment on the property
 15 tax proceeds allocated to the military base reuse district under this
 16 section. However, the adjustments under this subsection may not
 17 include the effect of property tax abatements under IC 6-1.1-12.1, and
 18 these adjustments may not produce less property tax proceeds allocable
 19 to the military base reuse district under subsection (b)(3) than would
 20 otherwise have been received if the reassessment under the county's
 21 reassessment plan or annual adjustment **for agricultural land** had not
 22 occurred. The department of local government finance may prescribe
 23 procedures for county and township officials to follow to assist the
 24 department in making the adjustments.

25 (i) If the reuse authority adopts a declaratory resolution or an
 26 amendment to a declaratory resolution that contains an allocation
 27 provision and the reuse authority makes either of the filings required
 28 under section 12(c) or 13(f) of this chapter after the first anniversary of
 29 the effective date of the allocation provision, the auditor of the county
 30 in which the military base reuse district is located shall compute the
 31 base assessed value for the allocation area using the assessment date
 32 immediately preceding the later of:

- 33 (1) the date on which the documents are filed with the county
- 34 auditor; or
- 35 (2) the date on which the documents are filed with the department
- 36 of local government finance.

37 (j) For an allocation area established after June 30, 2024,
 38 "residential property" refers to the assessed value of property that is
 39 allocated to the one percent (1%) homestead land and improvement
 40 categories in the county tax and billing software system, along with the
 41 residential assessed value as defined for purposes of calculating the
 42 rate for the local income tax property tax relief credit designated for



1 residential property under IC 6-3.6-5-6(d)(3).

2 SECTION 22. IC 36-7-30.5-30, AS AMENDED BY P.L.174-2022,
3 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2026]: Sec. 30. (a) The following definitions apply
5 throughout this section:

6 (1) "Allocation area" means that part of a military base
7 development area to which an allocation provision of a
8 declaratory resolution adopted under section 16 of this chapter
9 refers for purposes of distribution and allocation of property taxes.

10 (2) "Base assessed value" means, subject to subsection (i):

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

15 (B) to the extent that it is not included in clause (A) or (C), the
16 net assessed value of any and all parcels or classes of parcels
17 identified as part of the base assessed value in the declaratory
18 resolution or an amendment to the declaratory resolution, as
19 finally determined for any subsequent assessment date; plus

20 (C) to the extent that it is not included in clause (A) or (B), the
21 net assessed value of property that is assessed as residential
22 property under the rules of the department of local government
23 finance, within the allocation area, as finally determined for
24 the current assessment date.

25 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
26 property.

27 (b) A declaratory resolution adopted under section 16 of this chapter
28 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
29 resolutions adopted under IC 36-7-14-15 may include a provision with
30 respect to the allocation and distribution of property taxes for the
31 purposes and in the manner provided in this section. A declaratory
32 resolution previously adopted may include an allocation provision by
33 the amendment of that declaratory resolution in accordance with the
34 procedures set forth in section 18 of this chapter. The allocation
35 provision may apply to all or part of the military base development
36 area. The allocation provision must require that any property taxes
37 subsequently levied by or for the benefit of any public body entitled to
38 a distribution of property taxes on taxable property in the allocation
39 area be allocated and distributed as follows:

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

42 (A) the assessed value of the property for the assessment date



- 1 with respect to which the allocation and distribution is made;
 2 or
 3 (B) the base assessed value;
 4 shall be allocated to and, when collected, paid into the funds of
 5 the respective taxing units.
 6 (2) The excess of the proceeds of the property taxes imposed for
 7 the assessment date with respect to which the allocation and
 8 distribution is made that are attributable to taxes imposed after
 9 being approved by the voters in a referendum or local public
 10 question conducted after April 30, 2010, not otherwise included
 11 in subdivision (1) shall be allocated to and, when collected, paid
 12 into the funds of the taxing unit for which the referendum or local
 13 public question was conducted.
 14 (3) Except as otherwise provided in this section, property tax
 15 proceeds in excess of those described in subdivisions (1) and (2)
 16 shall be allocated to the development authority and, when
 17 collected, paid into an allocation fund for that allocation area that
 18 may be used by the development authority and only to do one (1)
 19 or more of the following:
 20 (A) Pay the principal of and interest and redemption premium
 21 on any obligations incurred by the development authority or
 22 any other entity for the purpose of financing or refinancing
 23 military base development or reuse activities in or directly
 24 serving or benefiting that allocation area.
 25 (B) Establish, augment, or restore the debt service reserve for
 26 bonds payable solely or in part from allocated tax proceeds in
 27 that allocation area or from other revenues of the development
 28 authority, including lease rental revenues.
 29 (C) Make payments on leases payable solely or in part from
 30 allocated tax proceeds in that allocation area.
 31 (D) Reimburse any other governmental body for expenditures
 32 made for local public improvements (or structures) in or
 33 directly serving or benefiting that allocation area.
 34 (E) For property taxes first due and payable before 2009, pay
 35 all or a part of a property tax replacement credit to taxpayers
 36 in an allocation area as determined by the development
 37 authority. This credit equals the amount determined under the
 38 following STEPS for each taxpayer in a taxing district (as
 39 defined in IC 6-1.1-1-20) that contains all or part of the
 40 allocation area:
 41 STEP ONE: Determine that part of the sum of the amounts
 42 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),



1 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 2 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to
 3 the taxing district.

4 STEP TWO: Divide:

5 (i) that part of each county's eligible property tax
 6 replacement amount (as defined in IC 6-1.1-21-2 (before its
 7 repeal)) for that year as determined under IC 6-1.1-21-4
 8 (before its repeal) that is attributable to the taxing district;
 9 by

10 (ii) the STEP ONE sum.

11 STEP THREE: Multiply:

12 (i) the STEP TWO quotient; by

13 (ii) the total amount of the taxpayer's taxes (as defined in
 14 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
 15 that have been allocated during that year to an allocation
 16 fund under this section.

17 If not all the taxpayers in an allocation area receive the credit
 18 in full, each taxpayer in the allocation area is entitled to
 19 receive the same proportion of the credit. A taxpayer may not
 20 receive a credit under this section and a credit under section
 21 32 of this chapter (before its repeal) in the same year.

22 (F) Pay expenses incurred by the development authority for
 23 local public improvements or structures that were in the
 24 allocation area or directly serving or benefiting the allocation
 25 area.

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

29 (i) in the allocation area; and

30 (ii) on a parcel of real property that has been classified as
 31 industrial property under the rules of the department of local
 32 government finance.

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

40 (H) Expend money and provide financial assistance as
 41 authorized in section 15(26) of this chapter.

42 The allocation fund may not be used for operating expenses of the



1 development authority.

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

4 (A) Determine the amount, if any, by which property taxes
5 payable to the allocation fund in the following year will exceed
6 the amount of property taxes necessary to make, when due,
7 principal and interest payments on bonds described in
8 subdivision (3) plus the amount necessary for other purposes
9 described in subdivisions (2) and (3).

10 (B) Provide a written notice to the appropriate county auditors
11 and the fiscal bodies and other officers who are authorized to
12 fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
13 each of the other taxing units that is wholly or partly located
14 within the allocation area. The notice must:

15 (i) state the amount, if any, of the excess property taxes that
16 the development authority has determined may be paid to
17 the respective taxing units in the manner prescribed in
18 subdivision (1); or

19 (ii) state that the development authority has determined that
20 there is no excess assessed value that may be allocated to the
21 respective taxing units in the manner prescribed in
22 subdivision (1).

23 The county auditors shall allocate to the respective taxing units
24 the amount, if any, of excess assessed value determined by the
25 development authority. The development authority may not
26 authorize a payment to the respective taxing units under this
27 subdivision if to do so would endanger the interest of the
28 holders of bonds described in subdivision (3) or lessors under
29 section 24 of this chapter. Property taxes received by a taxing
30 unit under this subdivision before 2009 are eligible for the
31 property tax replacement credit provided under IC 6-1.1-21
32 (before its repeal).

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

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

39 (2) the base assessed value.

40 (d) Property tax proceeds allocable to the military base development
41 district under subsection (b)(3) may, subject to subsection (b)(4), be
42 irrevocably pledged by the military base development district for



1 payment as set forth in subsection (b)(3).

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

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

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

13 (2) the base assessed value.

14 (g) If any part of the allocation area is located in an enterprise zone
15 created under IC 5-28-15, the development authority shall create funds
16 as specified in this subsection. A development authority that has
17 obligations, bonds, or leases payable from allocated tax proceeds under
18 subsection (b)(3) shall establish an allocation fund for the purposes
19 specified in subsection (b)(3) and a special zone fund. The
20 development authority shall, until the end of the enterprise zone phase
21 out period, deposit each year in the special zone fund any amount in the
22 allocation fund derived from property tax proceeds in excess of those
23 described in subsection (b)(1) and (b)(2) from property located in the
24 enterprise zone that exceeds the amount sufficient for the purposes
25 specified in subsection (b)(3) for the year. The amount sufficient for
26 purposes specified in subsection (b)(3) for the year shall be determined
27 based on the pro rata part of such current property tax proceeds from
28 the part of the enterprise zone that is within the allocation area as
29 compared to all such current property tax proceeds derived from the
30 allocation area. A development authority that does not have
31 obligations, bonds, or leases payable from allocated tax proceeds under
32 subsection (b)(3) shall establish a special zone fund and deposit all the
33 property tax proceeds in excess of those described in subsection (b)(1)
34 and (b)(2) that are derived from property in the enterprise zone in the
35 fund. The development authority that creates the special zone fund
36 shall use the fund (based on the recommendations of the urban
37 enterprise association) for programs in job training, job enrichment,
38 and basic skill development that are designed to benefit residents and
39 employers in the enterprise zone or for other purposes specified in
40 subsection (b)(3), except that where reference is made in subsection
41 (b)(3) to an allocation area it shall refer for purposes of payments from
42 the special zone fund only to that part of the allocation area that is also



1 located in the enterprise zone. The programs shall reserve at least
 2 one-half (1/2) of their enrollment in any session for residents of the
 3 enterprise zone.

4 (h) After each reassessment of real property in an area under a
 5 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
 6 local government finance shall adjust the base assessed value one (1)
 7 time to neutralize any effect of the reassessment of the real property in
 8 the area on the property tax proceeds allocated to the military base
 9 development district under this section. After each annual adjustment
 10 **for agricultural land** under ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the
 11 department of local government finance shall adjust the base assessed
 12 value to neutralize any effect of the annual adjustment on the property
 13 tax proceeds allocated to the military base development district under
 14 this section. However, the adjustments under this subsection may not
 15 include the effect of property tax abatements under IC 6-1.1-12.1, and
 16 these adjustments may not produce less property tax proceeds allocable
 17 to the military base development district under subsection (b)(3) than
 18 would otherwise have been received if the reassessment under the
 19 county's reassessment plan or annual adjustment **for agricultural land**
 20 had not occurred. The department of local government finance may
 21 prescribe procedures for county and township officials to follow to
 22 assist the department in making the adjustments.

23 (i) If the development authority adopts a declaratory resolution or
 24 an amendment to a declaratory resolution that contains an allocation
 25 provision and the development authority makes either of the filings
 26 required under section 17(e) or 18(f) of this chapter after the first
 27 anniversary of the effective date of the allocation provision, the auditor
 28 of the county in which the military base development district is located
 29 shall compute the base assessed value for the allocation area using the
 30 assessment date immediately preceding the later of:

- 31 (1) the date on which the documents are filed with the county
 32 auditor; or
- 33 (2) the date on which the documents are filed with the department
 34 of local government finance.

35 (j) For an allocation area established after June 30, 2024,
 36 "residential property" refers to the assessed value of property that is
 37 allocated to the one percent (1%) homestead land and improvement
 38 categories in the county tax and billing software system, along with the
 39 residential assessed value as defined for purposes of calculating the
 40 rate for the local income tax property tax relief credit designated for
 41 residential property under IC 6-3.6-5-6(d)(3).

42 SECTION 23. IC 36-7-32-19, AS AMENDED BY P.L.86-2018,



1 SECTION 349, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2026]: Sec. 19. (a) The state board of
 3 accounts and department of local government finance shall make the
 4 rules and prescribe the forms and procedures that the state board of
 5 accounts and department of local government finance consider
 6 appropriate for the implementation of an allocation area under this
 7 chapter.

8 (b) After each reassessment of real property in an area under a
 9 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
 10 local government finance shall adjust the base assessed value one (1)
 11 time to neutralize any effect of the reassessment of the real property in
 12 the area on the property tax proceeds allocated to the certified
 13 technology park fund under section 17 of this chapter. After each
 14 annual adjustment **for agricultural land** under ~~IC 6-1.1-4-4.5;~~
 15 **IC 6-1.1-4-13.2**, the department of local government finance shall
 16 adjust the base assessed value to neutralize any effect of the annual
 17 adjustment on the property tax proceeds allocated to the certified
 18 technology park fund under section 17 of this chapter.

19 SECTION 24. IC 36-7-32.5-16, AS ADDED BY P.L.135-2022,
 20 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 2026]: Sec. 16. (a) The state board of accounts, the
 22 department of state revenue, and the department of local government
 23 finance may adopt rules under IC 4-22-2 and prescribe the forms and
 24 procedures that the state board of accounts, the department of state
 25 revenue, and the department of local government finance consider
 26 appropriate for the implementation of an innovation development
 27 district under this chapter. However, before adopting rules under this
 28 section, the state board of accounts, the department of state revenue,
 29 and the department of local government finance shall submit a report
 30 to the budget committee that:

- 31 (1) describes the rules proposed by the state board of accounts,
 32 the department of state revenue, and the department of local
 33 government finance; and
 34 (2) recommends statutory changes necessary to implement the
 35 provisions of this chapter.

36 (b) After each reassessment of real property in an area under a
 37 county's reassessment plan prepared under IC 6-1.1-4-4.2, the
 38 department of local government finance shall adjust the base assessed
 39 value one (1) time to neutralize any effect of the reassessment of the
 40 real property in the area on the property tax proceeds allocated to the
 41 local innovation development district fund established by section 19 of
 42 this chapter.



1 (c) After each annual adjustment **for agricultural land** under
2 ~~IC 6-1.1-4-4.5~~, **IC 6-1.1-4-13.2**, the department of local government
3 finance shall adjust the base assessed value to neutralize any effect of
4 the annual adjustment on the property tax proceeds allocated to the
5 local innovation development district fund established by section 19 of
6 this chapter.

