



February 6, 2015

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## SENATE BILL No. 478

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DIGEST OF SB 478 (Updated February 3, 2015 12:03 pm - DI 73)

**Citations Affected:** IC 36-7; IC 36-9.

**Synopsis:** Transportation funding. Provides that a redevelopment commission of a municipality may provide revenue to a public transportation corporation from property tax proceeds allocated to the redevelopment commission in a tax increment financing area. Limits the amount of revenue to the amount of property tax revenue received by the municipality's redevelopment commission that is attributable to the public transportation corporation's tax rate. Requires a joint public hearing of the municipality's legislative body and the municipality's redevelopment commission and the adoption of substantially similar authorizing resolutions. Provides that a redevelopment commission may provide revenue to a school corporation, for deposit in the school corporation's transportation fund, from property tax proceeds allocated to the redevelopment commission in a tax increment financing allocation area. Specifies that the amount of revenue that may be provided to the school corporation may not exceed the amount of property tax revenue received by the redevelopment commission that is attributable to the school corporation's transportation fund tax rate. Requires approval by the legislative body of the unit that established the redevelopment commission and by the redevelopment commission. Requires a joint public hearing by the unit and the redevelopment commission.

**Effective:** July 1, 2015.

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**Brown L, Kenley, Mishler, Broden,  
Randolph**

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January 14, 2015, read first time and referred to Committee on Tax & Fiscal Policy.  
February 5, 2015, amended, reported favorably — Do Pass.

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SB 478—LS 7468/DI 58





February 6, 2015

First Regular Session 119th General Assembly (2015)

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 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## SENATE BILL No. 478

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

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

- 1 SECTION 1. IC 36-7-14-12.2, AS AMENDED BY P.L.95-2014,  
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2015]: Sec. 12.2. (a) The redevelopment commission may do  
4 the following:  
5 (1) Acquire by purchase, exchange, gift, grant, condemnation, or  
6 lease, or any combination of methods, any personal property or  
7 interest in real property needed for the redevelopment of areas  
8 needing redevelopment that are located within the corporate  
9 boundaries of the unit.  
10 (2) Hold, use, sell (by conveyance by deed, land sale contract, or  
11 other instrument), exchange, lease, rent, or otherwise dispose of  
12 property acquired for use in the redevelopment of areas needing  
13 redevelopment on the terms and conditions that the commission  
14 considers best for the unit and its inhabitants.  
15 (3) Sell, lease, or grant interests in all or part of the real property  
16 acquired for redevelopment purposes to any other department of

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



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



- 1 (A) for a period to be determined by the commission, which  
 2 may not be less than five (5) years;  
 3 (B) to families whose income does not exceed eighty percent  
 4 (80%) of the unit's median income for families; and  
 5 (C) at an affordable rate.
- 6 (27) This subdivision does not apply to a redevelopment  
 7 commission in a county for which the total amount of net property  
 8 taxes allocated to all allocation areas or other tax increment  
 9 financing areas established by a redevelopment commission,  
 10 military base reuse authority, military base development authority,  
 11 or another similar entity in the county in the preceding calendar  
 12 year exceeded nineteen percent (19%) of the total net property  
 13 taxes billed in the county in the preceding calendar year. Subject  
 14 to prior approval by the fiscal body of the unit that established the  
 15 redevelopment commission, expend money and provide financial  
 16 assistance (including grants and loans):
- 17 (A) in direct support of:
- 18 (i) an active military base located within the unit; or  
 19 (ii) an entity located in the territory or facilities of a military  
 20 base or former military base within the unit that is scheduled  
 21 for closing or is completely or partially inactive or closed, or  
 22 an entity that is located in any territory or facilities of the  
 23 United States Department of Defense within the unit that are  
 24 scheduled for closing or are completely or partially inactive  
 25 or closed;
- 26 including direct support for the promotion of the active  
 27 military base or entity, the growth of the active military base  
 28 or entity, and activities at the active military base or entity; and
- 29 (B) in support of any other entity that provides services or  
 30 direct support to an active military base or entity described in  
 31 clause (A).
- 32 The fiscal body of the unit that established the redevelopment  
 33 commission must separately approve each grant, loan, or other  
 34 expenditure for financial assistance under this subdivision. The  
 35 terms of any loan that is made under this subdivision may be  
 36 changed only if the change is approved by the fiscal body of the  
 37 unit that established the redevelopment commission. As used in  
 38 this subdivision, "active military base" has the meaning set forth  
 39 in IC 36-1-4-20.
- 40 **(28) Provide revenue to a public transportation corporation**  
 41 **from property tax proceeds allocated under section 39 of this**  
 42 **chapter as specified in a resolution adopted under**



1           **IC 36-9-4-59.**

2           **(29) Provide revenue to a school corporation, for deposit in**  
 3           **the school corporation's transportation fund established**  
 4           **under IC 20-40-6-4, from property tax proceeds allocated**  
 5           **under section 39 of this chapter as specified in a resolution**  
 6           **adopted under section 39.6 of this chapter.**

7           (b) Conditions imposed by the commission under subsection (a)(26)  
 8 remain in force throughout the period determined under subsection  
 9 (a)(26)(A), even if the owner sells, leases, or conveys the property. The  
 10 subsequent owner or lessee is bound by the conditions for the  
 11 remainder of the period.

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

20           (d) All powers that may be exercised under this chapter by the  
 21 redevelopment commission may also be exercised by the  
 22 redevelopment commission in carrying out its duties and purposes  
 23 under IC 36-7-14.5. However, if a power pertains to issuing bonds or  
 24 incurring an obligation, the exercise of the power must first be  
 25 specifically approved by the fiscal or legislative body of the unit,  
 26 whichever applies.

27           (e) A commission may not exercise the power of eminent domain.

28           SECTION 2. IC 36-7-14-39, AS AMENDED BY P.L.95-2014,  
 29 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2015]: Sec. 39. (a) As used in this section:

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

35           "Base assessed value" means the following:

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

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



- 1 (B) to the extent that it is not included in clause (A), the net  
 2 assessed value of property that is assessed as residential  
 3 property under the rules of the department of local government  
 4 finance, as finally determined for any assessment date after the  
 5 effective date of the allocation provision.
- 6 (2) If an allocation provision is adopted after June 30, 1997, in a  
 7 declaratory resolution or an amendment to a declaratory  
 8 resolution establishing a redevelopment project area:
- 9 (A) the net assessed value of all the property as finally  
 10 determined for the assessment date immediately preceding the  
 11 effective date of the allocation provision of the declaratory  
 12 resolution, as adjusted under subsection (h); plus
- 13 (B) to the extent that it is not included in clause (A), the net  
 14 assessed value of property that is assessed as residential  
 15 property under the rules of the department of local government  
 16 finance, as finally determined for any assessment date after the  
 17 effective date of the allocation provision.
- 18 (3) If:
- 19 (A) an allocation provision adopted before June 30, 1995, in  
 20 a declaratory resolution or an amendment to a declaratory  
 21 resolution establishing a redevelopment project area expires  
 22 after June 30, 1997; and
- 23 (B) after June 30, 1997, a new allocation provision is included  
 24 in an amendment to the declaratory resolution;  
 25 the net assessed value of all the property as finally determined for  
 26 the assessment date immediately preceding the effective date of  
 27 the allocation provision adopted after June 30, 1997, as adjusted  
 28 under subsection (h).
- 29 (4) Except as provided in subdivision (5), for all other allocation  
 30 areas, the net assessed value of all the property as finally  
 31 determined for the assessment date immediately preceding the  
 32 effective date of the allocation provision of the declaratory  
 33 resolution, as adjusted under subsection (h).
- 34 (5) If an allocation area established in an economic development  
 35 area before July 1, 1995, is expanded after June 30, 1995, the  
 36 definition in subdivision (1) applies to the expanded part of the  
 37 area added after June 30, 1995.
- 38 (6) If an allocation area established in a redevelopment project  
 39 area before July 1, 1997, is expanded after June 30, 1997, the  
 40 definition in subdivision (2) applies to the expanded part of the  
 41 area added after June 30, 1997.
- 42 Except as provided in section 39.3 of this chapter, "property taxes"





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

13 (b) A declaratory resolution adopted under section 15 of this chapter  
14 on or before the allocation deadline determined under subsection (i)  
15 may include a provision with respect to the allocation and distribution  
16 of property taxes for the purposes and in the manner provided in this  
17 section. A declaratory resolution previously adopted may include an  
18 allocation provision by the amendment of that declaratory resolution on  
19 or before the allocation deadline determined under subsection (i) in  
20 accordance with the procedures required for its original adoption. A  
21 declaratory resolution or amendment that establishes an allocation  
22 provision must include a specific finding of fact, supported by  
23 evidence, that the adoption of the allocation provision will result in  
24 new property taxes in the area that would not have been generated but  
25 for the adoption of the allocation provision. For an allocation area  
26 established before July 1, 1995, the expiration date of any allocation  
27 provisions for the allocation area is June 30, 2025, or the last date of  
28 any obligations that are outstanding on July 1, 2015, whichever is later.  
29 A declaratory resolution or an amendment that establishes an allocation  
30 provision after June 30, 1995, must specify an expiration date for the  
31 allocation provision. For an allocation area established before July 1,  
32 2008, the expiration date may not be more than thirty (30) years after  
33 the date on which the allocation provision is established. For an  
34 allocation area established after June 30, 2008, the expiration date may  
35 not be more than twenty-five (25) years after the date on which the first  
36 obligation was incurred to pay principal and interest on bonds or lease  
37 rentals on leases payable from tax increment revenues. However, with  
38 respect to bonds or other obligations that were issued before July 1,  
39 2008, if any of the bonds or other obligations that were scheduled when  
40 issued to mature before the specified expiration date and that are  
41 payable only from allocated tax proceeds with respect to the allocation  
42 area remain outstanding as of the expiration date, the allocation



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

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

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

11 or

12 (B) the base assessed value;

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

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

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

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

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

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

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

42 (E) Pay premiums on the redemption before maturity of bonds



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



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receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

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

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

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

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

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

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

(M) Expend money and provide financial assistance as authorized in section 12.2(a)(27) of this chapter.

**(N) Provide revenue to a public transportation corporation**



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**as specified in a resolution adopted under IC 36-9-4-59.  
(O) Provide revenue to a school corporation, for deposit in  
the school corporation's transportation fund established  
under IC 20-40-6-4, as specified in a resolution adopted  
under section 39.6 of this chapter.**

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

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

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

(B) Provide a written notice to the county auditor, the fiscal  
body of the county or municipality that established the  
department of redevelopment, and the officers who are  
authorized to fix budgets, tax rates, and tax levies under  
IC 6-1.1-17-5 for each of the other taxing units that is wholly  
or partly located within the allocation area. The notice must:

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

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

The county auditor shall allocate to the respective taxing units  
the amount, if any, of excess assessed value determined by the  
commission. The commission may not authorize an allocation  
of assessed value to the respective taxing units under this  
subdivision if to do so would endanger the interests of the  
holders of bonds described in subdivision (3) or lessors under  
section 25.3 of this chapter.

(C) If:

(i) the amount of excess assessed value determined by the  
commission is expected to generate more than two hundred  
percent (200%) of the amount of allocated tax proceeds



- 1           necessary to make, when due, principal and interest  
 2           payments on bonds described in subdivision (3); plus  
 3           (ii) the amount necessary for other purposes described in  
 4           subdivision (3);  
 5           the commission shall submit to the legislative body of the unit  
 6           its determination of the excess assessed value that the  
 7           commission proposes to allocate to the respective taxing units  
 8           in the manner prescribed in subdivision (1). The legislative  
 9           body of the unit may approve the commission's determination  
 10          or modify the amount of the excess assessed value that will be  
 11          allocated to the respective taxing units in the manner  
 12          prescribed in subdivision (1).
- 13          (c) For the purpose of allocating taxes levied by or for any taxing  
 14          unit or units, the assessed value of taxable property in a territory in the  
 15          allocation area that is annexed by any taxing unit after the effective  
 16          date of the allocation provision of the declaratory resolution is the  
 17          lesser of:  
 18                  (1) the assessed value of the property for the assessment date with  
 19                  respect to which the allocation and distribution is made; or  
 20                  (2) the base assessed value.
- 21          (d) Property tax proceeds allocable to the redevelopment district  
 22          under subsection (b)(3) may, subject to subsection (b)(4), be  
 23          irrevocably pledged by the redevelopment district for payment as set  
 24          forth in subsection (b)(3).
- 25          (e) Notwithstanding any other law, each assessor shall, upon  
 26          petition of the redevelopment commission, reassess the taxable  
 27          property situated upon or in, or added to, the allocation area, effective  
 28          on the next assessment date after the petition.
- 29          (f) Notwithstanding any other law, the assessed value of all taxable  
 30          property in the allocation area, for purposes of tax limitation, property  
 31          tax replacement, and formulation of the budget, tax rate, and tax levy  
 32          for each political subdivision in which the property is located is the  
 33          lesser of:  
 34                  (1) the assessed value of the property as valued without regard to  
 35                  this section; or  
 36                  (2) the base assessed value.
- 37          (g) If any part of the allocation area is located in an enterprise zone  
 38          created under IC 5-28-15, the unit that designated the allocation area  
 39          shall create funds as specified in this subsection. A unit that has  
 40          obligations, bonds, or leases payable from allocated tax proceeds under  
 41          subsection (b)(3) shall establish an allocation fund for the purposes  
 42          specified in subsection (b)(3) and a special zone fund. Such a unit



1 shall, until the end of the enterprise zone phase out period, deposit each  
2 year in the special zone fund any amount in the allocation fund derived  
3 from property tax proceeds in excess of those described in subsection  
4 (b)(1) and (b)(2) from property located in the enterprise zone that  
5 exceeds the amount sufficient for the purposes specified in subsection  
6 (b)(3) for the year. The amount sufficient for purposes specified in  
7 subsection (b)(3) for the year shall be determined based on the pro rata  
8 portion of such current property tax proceeds from the part of the  
9 enterprise zone that is within the allocation area as compared to all  
10 such current property tax proceeds derived from the allocation area. A  
11 unit that has no obligations, bonds, or leases payable from allocated tax  
12 proceeds under subsection (b)(3) shall establish a special zone fund  
13 and deposit all the property tax proceeds in excess of those described  
14 in subsection (b)(1) and (b)(2) in the fund derived from property tax  
15 proceeds in excess of those described in subsection (b)(1) and (b)(2)  
16 from property located in the enterprise zone. The unit that creates the  
17 special zone fund shall use the fund (based on the recommendations of  
18 the urban enterprise association) for programs in job training, job  
19 enrichment, and basic skill development that are designed to benefit  
20 residents and employers in the enterprise zone or other purposes  
21 specified in subsection (b)(3), except that where reference is made in  
22 subsection (b)(3) to allocation area it shall refer for purposes of  
23 payments from the special zone fund only to that part of the allocation  
24 area that is also located in the enterprise zone. Those programs shall  
25 reserve at least one-half (1/2) of their enrollment in any session for  
26 residents of the enterprise zone.

27 (h) The state board of accounts and department of local government  
28 finance shall make the rules and prescribe the forms and procedures  
29 that they consider expedient for the implementation of this chapter.  
30 After each general reassessment of real property in an area under  
31 IC 6-1.1-4-4 and after each reassessment in an area under a  
32 reassessment plan prepared under IC 6-1.1-4-4.2, the department of  
33 local government finance shall adjust the base assessed value one (1)  
34 time to neutralize any effect of the reassessment of the real property in  
35 the area on the property tax proceeds allocated to the redevelopment  
36 district under this section. After each annual adjustment under  
37 IC 6-1.1-4-4.5, the department of local government finance shall adjust  
38 the base assessed value one (1) time to neutralize any effect of the  
39 annual adjustment on the property tax proceeds allocated to the  
40 redevelopment district under this section. However, the adjustments  
41 under this subsection:

42 (1) may not include the effect of phasing in assessed value due to



1 property tax abatements under IC 6-1.1-12.1;

2 (2) may not produce less property tax proceeds allocable to the  
3 redevelopment district under subsection (b)(3) than would  
4 otherwise have been received if the general reassessment, the  
5 reassessment under the reassessment plan, or the annual  
6 adjustment had not occurred; and

7 (3) may decrease base assessed value only to the extent that  
8 assessed values in the allocation area have been decreased due to  
9 annual adjustments or the reassessment under the reassessment  
10 plan.

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

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

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

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

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

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

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

31 SECTION 3. IC 36-7-14-39.6 IS ADDED TO THE INDIANA  
32 CODE AS A NEW SECTION TO READ AS FOLLOWS  
33 [EFFECTIVE JULY 1, 2015]: **Sec. 39.6. (a) The governing body of  
34 a school corporation may adopt a resolution to request that a  
35 redevelopment commission that has established an allocation area  
36 under this chapter that includes any territory of the school  
37 corporation shall provide revenue from property tax proceeds  
38 allocated to the redevelopment commission under this chapter.**

39 **(b) A redevelopment commission may provide revenue to a  
40 school corporation under this section only if the redevelopment  
41 commission and the legislative body of the unit that established the  
42 redevelopment commission adopt substantially similar resolutions**





1 agreeing to provide the revenue to the school corporation. Such a  
2 resolution must set forth at least the following:

3 (1) The boundaries of the allocation area from which the  
4 annual revenue from allocated property tax proceeds will be  
5 provided.

6 (2) The annual amount of revenue that will be provided,  
7 which may not exceed the amount of property tax revenue  
8 received by the redevelopment commission under this chapter  
9 that is attributable to the school corporation's transportation  
10 fund tax rate for the school corporation's transportation fund  
11 under IC 20-40-6.

12 (3) The first and last year that the revenue will be provided.

13 (c) Before the legislative body of the unit or the redevelopment  
14 commission may adopt a resolution under this section to provide  
15 revenue to the school corporation, the legislative body of the unit  
16 and the redevelopment commission must hold a joint public  
17 hearing. The proper officers of the unit and the redevelopment  
18 commission must publish a notice of the public hearing in  
19 accordance with IC 5-3-1. The notice must specify that the purpose  
20 of the hearing is to consider providing revenue to the school  
21 corporation from property tax proceeds allocated to the  
22 redevelopment commission.

23 (d) Any revenue provided to a school corporation under this  
24 section from property tax proceeds allocated to the redevelopment  
25 commission must be deposited in the school corporation's  
26 transportation fund and must be used for the purposes of the  
27 transportation fund.

28 SECTION 4. IC 36-9-4-5 IS AMENDED TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) The municipal legislative  
30 body may furnish the urban mass transportation system with the  
31 financial assistance necessary to enable the system to provide adequate  
32 service within the municipality, if the legislative body finds:

33 (1) that the system is unable to render that service or that there is  
34 imminent danger that the system will be unable to render that  
35 service; and

36 (2) that the system is:

37 (A) necessary to relieve traffic congestion in the municipality;

38 (B) necessary for the proper use of the factories, stores,  
39 warehouses, offices, schools, recreational facilities, and other  
40 places where members of the general public congregate;

41 (C) necessary to expand the economic and social opportunities  
42 available to residents of the municipality, especially those who



- 1 cannot freely move about without the services of the system;
- 2 (D) a substantial factor in maintaining real property values in
- 3 the municipality; or
- 4 (E) a substantial factor in providing public housing,
- 5 redevelopment of blighted areas, and publicly owned offstreet
- 6 parking facilities.

7 (b) The municipal legislative body may furnish assistance under this  
 8 section by:

- 9 (1) making grants to the system;
- 10 (2) purchasing buses or real property from the system or from any
- 11 other source for lease to the system; ~~or~~
- 12 (3) making both grants and purchases; **or**
- 13 **(4) adopting a resolution under section 59 of this chapter**
- 14 **specifying that the municipality's redevelopment commission**
- 15 **will provide revenue from allocated property tax proceeds to**
- 16 **the public transportation corporation.**

17 SECTION 5. IC 36-9-4-42, AS AMENDED BY P.L.137-2012,  
 18 SECTION 123, IS AMENDED TO READ AS FOLLOWS  
 19 [EFFECTIVE JULY 1, 2015]: Sec. 42. (a) A municipality or a public  
 20 transportation corporation that expends money for the establishment or  
 21 maintenance of an urban mass transportation system under this chapter  
 22 may acquire the money for these expenditures:

- 23 (1) by issuing bonds under section 43 or 44 of this chapter;
- 24 (2) by borrowing money made available for such purposes by any
- 25 source;
- 26 (3) by accepting grants or contributions made available for such
- 27 purposes by any source, **including revenue from allocated**
- 28 **property tax proceeds that is provided by a municipality's**
- 29 **redevelopment commission that has adopted a resolution**
- 30 **under section 59 of this chapter;**
- 31 (4) in the case of a municipality, by appropriation from the
- 32 general fund of the municipality, or from a special fund that the
- 33 municipal legislative body includes in the municipality's budget;
- 34 or
- 35 (5) in the case of a public transportation corporation, by levying
- 36 a tax under section 49 of this chapter or by recommending a
- 37 election to use revenue from the county option income taxes, as
- 38 provided in subsection (c).

39 (b) Money may be acquired under this section for the purpose of  
 40 exercising any of the powers granted by or incidental to this chapter,  
 41 including:

- 42 (1) studies under section 4, 9, or 11 of this chapter;



- 1 (2) grants in aid;  
 2 (3) the purchase of buses or real property by a municipality for  
 3 lease to an urban mass transportation system, including the  
 4 payment of any amount outstanding under a mortgage, contract of  
 5 sale, or other security device that may attach to the buses or real  
 6 property;  
 7 (4) the acquisition by a public transportation corporation of  
 8 property of an urban mass transportation system, including the  
 9 payment of any amount outstanding under a mortgage, contract of  
 10 sale, or other security device that may attach to the property;  
 11 (5) the operation of an urban mass transportation system by a  
 12 public transportation corporation, including the acquisition of  
 13 additional property for such a system; and  
 14 (6) the retirement of bonds issued and outstanding under this  
 15 chapter.

16 (c) This subsection applies only to a public transportation  
 17 corporation located in a county having a consolidated city. In order to  
 18 provide revenue to a public transportation corporation during a year,  
 19 the public transportation corporation board may recommend and the  
 20 county fiscal body may elect to provide revenue to the corporation from  
 21 part of the certified distribution, if any, that the county is to receive  
 22 during that same year under IC 6-3.5-6-17. To make the election, the  
 23 county fiscal body must adopt an ordinance before November 1 of the  
 24 preceding year. The county fiscal body must specify in the ordinance  
 25 the amount of the certified distribution that is to be used to provide  
 26 revenue to the corporation. If such an ordinance is adopted, the county  
 27 fiscal body shall immediately send a copy of the ordinance to the  
 28 county auditor.

29 SECTION 6. IC 36-9-4-59 IS ADDED TO THE INDIANA CODE  
 30 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 31 1, 2015]: **Sec. 59. (a) The board of directors of a public  
 32 transportation corporation may adopt a resolution to request that  
 33 the municipality that is being served by the corporation and the  
 34 municipality's redevelopment commission provide revenue from  
 35 property tax proceeds allocated to the redevelopment commission  
 36 under IC 36-7-14. For a municipality's redevelopment commission  
 37 to provide revenue to a public transportation corporation, the  
 38 legislative body of the municipality and the municipality's  
 39 redevelopment commission must adopt substantially similar  
 40 resolutions agreeing to provide the revenue to the public  
 41 transportation corporation. Such a resolution must set forth at  
 42 least the following:**



- 1           **(1) The boundaries of the allocation area from which the**
- 2           **annual revenue from allocated property tax proceeds will be**
- 3           **provided.**
- 4           **(2) The annual amount of revenue that will be provided,**
- 5           **which may not exceed the amount of property tax revenue**
- 6           **received by the municipality's redevelopment commission**
- 7           **under IC 36-7-14 that is attributable to the public**
- 8           **transportation corporation's tax rate.**
- 9           **(3) The first and last year that the revenue will be provided.**
- 10          **(b) Before the legislative body of the municipality or the**
- 11          **municipality's redevelopment commission may adopt a resolution**
- 12          **under this section to provide revenue to the public transportation**
- 13          **corporation, the legislative body of the municipality and the**
- 14          **municipality's redevelopment commission shall hold a joint public**
- 15          **hearing. The proper officers of the municipality shall publish a**
- 16          **notice of the public hearing in accordance with IC 5-3-1. The notice**
- 17          **must specify that the purpose of the hearing is to consider**
- 18          **providing revenue to the municipality's public transportation**
- 19          **corporation from property tax proceeds allocated to the**
- 20          **municipality's redevelopment commission.**



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 478, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 5, between lines 1 and 2, begin a new line block indented and insert:

**"(29) Provide revenue to a school corporation, for deposit in the school corporation's transportation fund established under IC 20-40-6-4, from property tax proceeds allocated under section 39 of this chapter as specified in a resolution adopted under section 39.6 of this chapter."**

Page 10, between lines 38 and 39, begin a new line double block indented and insert:

**"(O) Provide revenue to a school corporation, for deposit in the school corporation's transportation fund established under IC 20-40-6-4, as specified in a resolution adopted under section 39.6 of this chapter."**

Page 14, between lines 21 and 22, begin a new paragraph and insert:

**"SECTION 3. IC 36-7-14-39.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 39.6. (a) The governing body of a school corporation may adopt a resolution to request that a redevelopment commission that has established an allocation area under this chapter that includes any territory of the school corporation shall provide revenue from property tax proceeds allocated to the redevelopment commission under this chapter.**

**(b) A redevelopment commission may provide revenue to a school corporation under this section only if the redevelopment commission and the legislative body of the unit that established the redevelopment commission adopt substantially similar resolutions agreeing to provide the revenue to the school corporation. Such a resolution must set forth at least the following:**

**(1) The boundaries of the allocation area from which the annual revenue from allocated property tax proceeds will be provided.**

**(2) The annual amount of revenue that will be provided, which may not exceed the amount of property tax revenue received by the redevelopment commission under this chapter that is attributable to the school corporation's transportation fund tax rate for the school corporation's transportation fund under IC 20-40-6.**



**(3) The first and last year that the revenue will be provided.**

**(c) Before the legislative body of the unit or the redevelopment commission may adopt a resolution under this section to provide revenue to the school corporation, the legislative body of the unit and the redevelopment commission must hold a joint public hearing. The proper officers of the unit and the redevelopment commission must publish a notice of the public hearing in accordance with IC 5-3-1. The notice must specify that the purpose of the hearing is to consider providing revenue to the school corporation from property tax proceeds allocated to the redevelopment commission.**

**(d) Any revenue provided to a school corporation under this section from property tax proceeds allocated to the redevelopment commission must be deposited in the school corporation's transportation fund and must be used for the purposes of the transportation fund."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 478 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 7, Nays 3.

