

# HOUSE BILL No. 1164

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 36-7-14.

**Synopsis:** Tax increment financing districts. Provides that a redevelopment commission may use money from certain funds for the purpose of retiring debt service earlier. Provides that a redevelopment commission making accelerated debt payments may retain the assessed value associated with the original debt service schedule. Requires a redevelopment commission to include an invitation to overlapping taxing units to participate in the hearing regarding a proposed redevelopment project. Allows a redevelopment commission to expend money for the maintenance of an infrastructure project within a tax increment financing district if: (1) the infrastructure project was originally funded or supported by tax increment financing funds; and (2) the use of the funds is limited to the remaining life of the project. Allows a redevelopment commission to share tax increment finance district revenue with certain local economic development organizations under certain conditions.

**Effective:** July 1, 2026; July 1, 2027.

---

---

## Rowray

---

---

January 5, 2026, read first time and referred to Committee on Ways and Means.

---

---



Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

## HOUSE BILL No. 1164

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 36-7-14-12.7, AS ADDED BY P.L.236-2023,  
2 SECTION 172, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2026]: Sec. 12.7. (a) Not later than ~~December~~  
4 **September** 1 each year, the redevelopment commissioners shall file  
5 with the department of local government finance and with the unit's  
6 executive and fiscal body a report setting out a spending plan for the  
7 next calendar year describing planned expenditures. The spending plan  
8 must be filed in the manner prescribed by the department of local  
9 government finance.  
10 (b) **Except as provided in subsection (c)**, a redevelopment  
11 commission may use money from the redevelopment commission's  
12 allocation fund described in section 39(b)(4) of this chapter and any  
13 other fund maintained by the redevelopment commission only for the  
14 purposes provided in the annual spending plan described in subsection  
15 (a).  
16 (c) **A redevelopment commission may use money from funds**  
17 **described in subsection (b) for the purpose of paying more toward**



1 debt service obligations, in order to retire debt service earlier,  
 2 regardless of whether that use is listed in the annual spending plan  
 3 described in subsection (a). A redevelopment commission making  
 4 accelerated debt payments under this subsection may retain the  
 5 assessed value associated with the original debt service schedule.

6 (d) Early debt retirement described in subsection (c) applies  
 7 only if the early defeasance of debt is allowed according to the  
 8 bond issuance documents.

9 (e) The department of local government finance shall, before  
 10 February 1, 2025, and before February 1 of each year thereafter, submit  
 11 a report of the redevelopment commissions that failed to submit the  
 12 spending plan required under subsection (a) to the legislative services  
 13 agency for distribution to the members of the legislative council. The  
 14 report must be in an electronic format under IC 5-14-6.

15 SECTION 2. IC 36-7-14-13.5 IS ADDED TO THE INDIANA  
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 17 [EFFECTIVE JULY 1, 2026]: **Sec. 13.5. Any necessary documents**  
 18 **required to be uploaded to the department of local government**  
 19 **finance or the transparency website must be submitted on or**  
 20 **before July 1, 2027, for a document required to be uploaded after**  
 21 **January 1, 2026.**

22 SECTION 3. IC 36-7-14-17, AS AMENDED BY P.L.257-2019,  
 23 SECTION 115, IS AMENDED TO READ AS FOLLOWS  
 24 [EFFECTIVE JULY 1, 2027]: Sec. 17. (a) After receipt of the written  
 25 order of approval of the plan commission and approval of the  
 26 municipal legislative body or county executive, the redevelopment  
 27 commission shall publish notice of the adoption and substance of the  
 28 resolution in accordance with IC 5-3-1. The notice must:

29 (1) state that maps and plats have been prepared and can be  
 30 inspected at the office of the department; ~~and~~

31 (2) name a date when the commission will:

32 (A) receive and hear remonstrances and objections from  
 33 persons interested in or affected by the proceedings pertaining  
 34 to the proposed project or other actions to be taken under the  
 35 resolution; and

36 (B) determine the public utility and benefit of the proposed  
 37 project or other actions; ~~and~~

38 (3) **include an invitation to overlapping taxing units to attend**  
 39 **and participate in the hearing. The hearing shall include an**  
 40 **illustration of the projected effect on circuit breaker**  
 41 **reductions of the release of ten percent (10%), twenty percent**  
 42 **(20%), and thirty percent (30%), respectively, of assessed**



1        **value from the allocation area. The completion of the**  
 2        **foregoing illustration may be paid from tax increment**  
 3        **financing funds. The hearing shall include an opportunity for**  
 4        **participant discussion and public comment. The commission**  
 5        **shall include a record of overlapping taxing unit attendance**  
 6        **in its annual report to the department of local government**  
 7        **finance.**

8        All persons affected in any manner by the hearing, including all  
 9        taxpayers of the special taxing district, shall be considered notified of  
 10       the pendency of the hearing and of subsequent acts, hearings,  
 11       adjournments, and orders of the commission by the notice given under  
 12       this section.

13       (b) A copy of the notice of the hearing on the resolution shall be  
 14       filed in the office of the unit's plan commission, board of zoning  
 15       appeals, works board, park board, and building commissioner, and any  
 16       other departments, bodies, or officers of the unit having to do with unit  
 17       planning, variances from zoning ordinances, land use, or the issuance  
 18       of building permits. These agencies and officers shall take notice of the  
 19       pendency of the hearing and, until the commission confirms, modifies  
 20       and confirms, or rescinds the resolution, or the confirmation of the  
 21       resolution is set aside on appeal, may not:

22       (1) authorize any construction on property or sewers in the area  
 23       described in the resolution, including substantial modifications,  
 24       rebuilding, conversion, enlargement, additions, and major  
 25       structural improvements; or

26       (2) take any action regarding the zoning or rezoning of property,  
 27       or the opening, closing, or improvement of streets, alleys, or  
 28       boulevards in the area described in the resolution.

29       This subsection does not prohibit the granting of permits for ordinary  
 30       maintenance or minor remodeling, or for changes necessary for the  
 31       continued occupancy of buildings in the area.

32       (c) If the resolution to be considered at the hearing includes a  
 33       provision establishing or amending an allocation provision under  
 34       section 39 of this chapter, the redevelopment commission shall file the  
 35       following information with each taxing unit that is wholly or partly  
 36       located within the allocation area:

37       (1) A copy of the notice required by subsection (a).

38       (2) A statement disclosing the impact of the allocation area,  
 39       including the following:

40       (A) The estimated economic benefits and costs incurred by the  
 41       allocation area, as measured by increased employment and  
 42       anticipated growth of real property assessed values.



(B) The anticipated impact on tax revenues of each taxing unit. The redevelopment commission shall file the information required by this subsection with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date of the hearing.

(d) At the hearing, which may be adjourned from time to time, the redevelopment commission shall hear all persons interested in the proceedings and shall consider all written remonstrances and objections that have been filed. After considering the evidence presented, the commission shall take final action determining the public utility and benefit of the proposed project or other actions to be taken under the resolution, and confirming, modifying and confirming, or rescinding the resolution. The final action taken by the commission shall be recorded and is final and conclusive, except that an appeal may be taken in the manner prescribed by section 18 of this chapter.

(e) If the redevelopment commission adopts the resolution and the resolution includes a provision establishing or amending an allocation provision under section 39 of this chapter, the redevelopment commission shall file a copy of the resolution with both the auditor of the county in which the unit is located and the department of local government finance, together with any supporting documents that are relevant to the computation of assessed values in the allocation area, within thirty (30) days after the date on which the redevelopment commission takes final action on the resolution.

SECTION 4. IC 36-7-14-39, AS AMENDED BY P.L.181-2025, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 39. (a) As used in this section:

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

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

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

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

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential



- 1 property under the rules of the department of local government
- 2 finance, within the allocation area, as finally determined for
- 3 the current assessment date.
- 4 (2) If an allocation provision is adopted after June 30, 1997, in a
- 5 declaratory resolution or an amendment to a declaratory
- 6 resolution establishing a redevelopment project area:
- 7 (A) the net assessed value of all the property as finally
- 8 determined for the assessment date immediately preceding the
- 9 effective date of the allocation provision of the declaratory
- 10 resolution, as adjusted under subsection (h); plus
- 11 (B) to the extent that it is not included in clause (A), the net
- 12 assessed value of property that is assessed as residential
- 13 property under the rules of the department of local government
- 14 finance, as finally determined for the current assessment date.
- 15 (3) If:
- 16 (A) an allocation provision adopted before June 30, 1995, in
- 17 a declaratory resolution or an amendment to a declaratory
- 18 resolution establishing a redevelopment project area expires
- 19 after June 30, 1997; and
- 20 (B) after June 30, 1997, a new allocation provision is included
- 21 in an amendment to the declaratory resolution;
- 22 the net assessed value of all the property as finally determined for
- 23 the assessment date immediately preceding the effective date of
- 24 the allocation provision adopted after June 30, 1997, as adjusted
- 25 under subsection (h).
- 26 (4) Except as provided in subdivision (5), for all other allocation
- 27 areas, the net assessed value of all the property as finally
- 28 determined for the assessment date immediately preceding the
- 29 effective date of the allocation provision of the declaratory
- 30 resolution, as adjusted under subsection (h).
- 31 (5) If an allocation area established in an economic development
- 32 area before July 1, 1995, is expanded after June 30, 1995, the
- 33 definition in subdivision (1) applies to the expanded part of the
- 34 area added after June 30, 1995.
- 35 (6) If an allocation area established in a redevelopment project
- 36 area before July 1, 1997, is expanded after June 30, 1997, the
- 37 definition in subdivision (2) applies to the expanded part of the
- 38 area added after June 30, 1997.
- 39 Except as provided in section 39.3 of this chapter, "property taxes"
- 40 means taxes imposed under IC 6-1.1 on real property. However, upon
- 41 approval by a resolution of the redevelopment commission adopted
- 42 before June 1, 1987, "property taxes" also includes taxes imposed



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

10 (b) A declaratory resolution adopted under section 15 of this chapter  
11 on or before the allocation deadline determined under subsection (i)  
12 may include a provision with respect to the allocation and distribution  
13 of property taxes for the purposes and in the manner provided in this  
14 section. A declaratory resolution previously adopted may include an  
15 allocation provision by the amendment of that declaratory resolution on  
16 or before the allocation deadline determined under subsection (i) in  
17 accordance with the procedures required for its original adoption. A  
18 declaratory resolution or amendment that establishes an allocation  
19 provision must include a specific finding of fact, supported by  
20 evidence, that the adoption of the allocation provision will result in  
21 new property taxes in the area that would not have been generated but  
22 for the adoption of the allocation provision. For an allocation area  
23 established before July 1, 1995, the expiration date of any allocation  
24 provisions for the allocation area is June 30, 2025, or the last date of  
25 any obligations that are outstanding on July 1, 2015, whichever is later.  
26 A declaratory resolution or an amendment that establishes an allocation  
27 provision after June 30, 1995, must specify an expiration date for the  
28 allocation provision. For an allocation area established before July 1,  
29 2008, the expiration date may not be more than thirty (30) years after  
30 the date on which the allocation provision is established. For an  
31 allocation area established after June 30, 2008, the expiration date may  
32 not be more than twenty-five (25) years after the date on which the first  
33 obligation was incurred to pay principal and interest on bonds or lease  
34 rentals on leases payable from tax increment revenues. However, with  
35 respect to bonds or other obligations that were issued before July 1,  
36 2008, if any of the bonds or other obligations that were scheduled when  
37 issued to mature before the specified expiration date and that are  
38 payable only from allocated tax proceeds with respect to the allocation  
39 area remain outstanding as of the expiration date, the allocation  
40 provision does not expire until all of the bonds or other obligations are  
41 no longer outstanding. Notwithstanding any other law, in the case of an  
42 allocation area that is established after June 30, 2019, and that is



located in a redevelopment project area described in section 25.1(c)(3)(C) of this chapter, an economic development area described in section 25.1(c)(3)(C) of this chapter, or an urban renewal project area described in section 25.1(c)(3)(C) of this chapter, the expiration date of the allocation provision may not be more than thirty-five (35) years after the date on which the allocation provision is established. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

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

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

(B) the base assessed value;

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

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

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

STEP ONE: Divide the unit's tax rate for fire protection for the year before the establishment of the fire protection territory by the participating unit's tax rate as part of the fire protection territory.

STEP TWO: Subtract the STEP ONE amount from one (1).

STEP THREE: Multiply the STEP TWO amount by the allocated property tax attributable to the participating unit of the fire protection territory; and

(B) to the extent not otherwise included in subdivisions (1) and (3), the amount determined under STEP THREE of clause

(A) shall be allocated to and distributed in the form of an allocated property tax revenue pass back to the participating unit of the fire protection territory for the assessment date with respect to which the allocation is made.





1 However, if the redevelopment commission determines that it is  
 2 unable to meet its debt service obligations with regards to the  
 3 allocation area without all or part of the allocated property tax  
 4 revenue pass back to the participating unit of a fire protection area  
 5 under this subdivision, then the allocated property tax revenue  
 6 pass back under this subdivision shall be reduced by the amount  
 7 necessary for the redevelopment commission to meet its debt  
 8 service obligations of the allocation area. The calculation under  
 9 this subdivision must be made by the redevelopment commission  
 10 in collaboration with the county auditor and the applicable fire  
 11 protection territory. Any calculation determined according to  
 12 clause (A) must be submitted to the department of local  
 13 government finance in the manner prescribed by the department  
 14 of local government finance. The department of local government  
 15 finance shall verify the accuracy of each calculation.

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

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

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

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

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

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



(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 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) 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) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to the taxing district.

STEP TWO: Divide:

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

STEP THREE: Multiply:

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

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to



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

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

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

12 (i) in the allocation area; and

13 (ii) on a parcel of real property that has been classified as  
 14 industrial property under the rules of the department of local  
 15 government finance.

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

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

30 (i) Make, when due, any payments required under clauses  
 31 (A) through (K), including any payments of principal and  
 32 interest on bonds and other obligations payable under this  
 33 subdivision, any payments of premiums under this  
 34 subdivision on the redemption before maturity of bonds, and  
 35 any payments on leases payable under this subdivision.

36 (ii) Make any reimbursements required under this  
 37 subdivision.

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

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

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



(N) Expend revenues that are allocated for police and fire services on both capital expenditures and operating expenses as authorized in section 12.2(a)(28) of this chapter.

**(O) Expend money for the maintenance of an infrastructure project within a tax increment financing district if the infrastructure project was originally funded or supported by tax increment financing funds and if the use of the funds is limited to the remaining life of the project. Maintenance expenses eligible under this clause include:**

- (i) road and sidewalk repair and upkeep;**
- (ii) street lighting and landscaping;**
- (iii) trail maintenance;**
- (iv) trash collection;**
- (v) retaining wall stabilization;**
- (vi) parking facilities;**
- (vii) administrative expenses of the commission that would not otherwise have been incurred but for the tax increment financing project; and**
- (viii) other tax increment financing funded facilities.**

**This clause does not relieve an underlying taxing unit of its maintenance obligations for infrastructure projects not funded by tax increment financing or after the expiration of the allocation area.**

**(P) Share revenue with a local economic development organization that is recognized by the Indiana economic development corporation:**

- (i) for a period of less than four (4) years; and**
- (ii) in an amount that may not exceed the amount equal to thirty percent (30%) of the local economic development organization's annual budget.**

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

(5) Except as provided in subsection (g), before June 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 (4), plus



the amount necessary for other purposes described in subdivision (4).

(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 county auditor, upon receiving the notice, shall forward this notice (in an electronic format) to the department of local government finance not later than June 15 of each year. 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 (4) 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 necessary to make, when due, principal and interest payments on bonds described in subdivision (4); plus

(ii) the amount necessary for other purposes described in subdivision (4);

the commission shall submit to the legislative body of the unit its determination of the excess assessed value that the commission proposes to allocate to the respective taxing units in the manner prescribed in subdivision (1). The legislative body of the unit may approve the commission's determination or modify the amount of the excess assessed value that will be allocated to the respective taxing units in the manner prescribed in subdivision (1).

(6) Notwithstanding subdivision (5), in the case of an allocation



1 area that is established after June 30, 2019, and that is located in  
 2 a redevelopment project area described in section 25.1(c)(3)(C)  
 3 of this chapter, an economic development area described in  
 4 section 25.1(c)(3)(C) of this chapter, or an urban renewal project  
 5 area described in section 25.1(c)(3)(C) of this chapter, for each  
 6 year the allocation provision is in effect, if the amount of excess  
 7 assessed value determined by the commission under subdivision  
 8 (5)(A) is expected to generate more than two hundred percent  
 9 (200%) of:

10 (A) the amount of allocated tax proceeds necessary to make,  
 11 when due, principal and interest payments on bonds described  
 12 in subdivision (4) for the project; plus

13 (B) the amount necessary for other purposes described in  
 14 subdivision (4) for the project;

15 the amount of the excess assessed value that generates more than  
 16 two hundred percent (200%) of the amounts described in clauses  
 17 (A) and (B) shall be allocated to the respective taxing units in the  
 18 manner prescribed by subdivision (1).

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

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

26 (2) the base assessed value.

27 (d) Property tax proceeds allocable to the redevelopment district  
 28 under subsection (b)(4) may, subject to subsection (b)(5), be  
 29 irrevocably pledged by the redevelopment district for payment as set  
 30 forth in subsection (b)(4).

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

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

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

42 (2) the base assessed value.



(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(4) shall establish an allocation fund for the purposes specified in subsection (b)(4) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(4) for the year. The amount sufficient for purposes specified in subsection (b)(4) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(4) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(4), except that where reference is made in subsection (b)(4) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each reassessment in an area under a reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1)



time to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection:

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

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

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

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

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

- (1) the date on which the documents are filed with the county





1 auditor; or  
 2 (2) the date on which the documents are filed with the department  
 3 of local government finance.  
 4 (k) For an allocation area established after June 30, 2025,  
 5 "residential property" refers to the assessed value of property that is  
 6 allocated to the one percent (1%) homestead land and improvement  
 7 categories in the county tax and billing software system.

