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HOUSE BILL No. 1177

Proposed Changes to introduced printing by AM117703

DIGEST OF PROPOSED AMENDMENT

Child care assistance appropriations. Amends the appropriation from the financial responsibility and opportunity growth fund (fund) for the state budget biennium in HEA 1001-2025 to require the total amount appropriated from the fund to be used for funding the Child Care and Development Fund voucher program and On My Way Pre-K programmatic funding and for no other purpose.

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 6-3.1-39.5-1, AS ADDED BY P.L.201-2023,
2 SECTION 103, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 1. As used
4 in this chapter, "Indiana qualified child care facility" means a facility
5 that is:
6 (1) a qualified child care facility (as defined in Section 45F of
7 the Internal Revenue Code);
8 (2) located in Indiana; **and**
9 (3) licensed by the division of family resources under
10 IC 12-17.2.and
11 (4) **operated**:
12 (A) by a taxpayer;
13 (B) by a taxpayer jointly with one (1) or more other
14 individuals or entities; or
15 (C) under a contract described in Section 45F(c)(1)(A)(iii)
16 of the Internal Revenue Code with the taxpayer.
17 SECTION 2. IC 6-3.1-39.5-3, AS ADDED BY P.L.201-2023,
18 SECTION 103, IS AMENDED TO READ AS FOLLOWS

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1 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 3. As used
 2 in this chapter, "qualified child care expenditure" means an
 3 expenditure:

4 (1) for the acquisition, construction, rehabilitation, or expansion
 5 of property used as part of an Indiana qualified child care facility
 6 of a taxpayer that is operated for the taxpayer's employees;
 7 (2) incurred under a contract between a taxpayer and an Indiana
 8 qualified child care facility to provide for the **operating costs**,
 9 **l**acquisition, construction, rehabilitation, or expansion of
 10 property used as part of the Indiana qualified child care facility;
 11 **or**
 12 (3) for purposes of complying with the qualified child care
 13 facility licensure requirements under IC 12-17.2, as part of the
 14 taxpayer acquiring or constructing an Indiana qualified child
 15 care facility;
 16 (4) incurred for the operating costs of an Indiana qualified
 17 child care facility of a taxpayer that is operated for the
 18 taxpayer's employees, including costs related to training of
 19 employees, to scholarship programs, and to provide
 20 increased compensation to employees with higher levels of
 21 child care training;
 22 (5) under a contract with an Indiana qualified child care
 23 facility to provide child care services to employees of the
 24 taxpayer, or under a contract with an intermediate entity
 25 that contracts with one (1) or more Indiana qualified child
 26 care facilities for child care services; or
 27 (6) under a contract to provide child care resources and
 28 referral services to an employee of the taxpayer.

29 SECTION 3. IC 6-3.1-39.5-5 IS REPEALED [EFFECTIVE
 30 JANUARY 1, 2026 (RETROACTIVE)]. See. 5. As used in this
 31 chapter, "recapture event" means:

32 (1) the cessation of the operation of the Indiana qualified child
 33 care facility as an Indiana qualified child care facility;
 34 (2) subject to section 12(e) of this chapter, a change in
 35 ownership of an Indiana qualified child care facility for which a
 36 credit was allowed under this chapter, unless the person
 37 acquiring an interest agrees to assume the recapture liability of
 38 the person disposing of an interest; or
 39 (3) the use of an Indiana qualified child care facility for the
 40 enrollment of a child from any individual who is not an
 41 employee of the taxpayer.

42 The term does not include a cessation of operation or change in



1 ownership due to accident or casualty.

2 SECTION 4. IC 6-3.1-39.5-7, AS ADDED BY P.L.201-2023,
 3 SECTION 103, IS AMENDED TO READ AS FOLLOWS
 4 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 7. As used
 5 in this chapter, "taxpayer" means any person, corporation, limited
 6 liability company, partnership, or other entity that has any state tax
 7 liability and employs **one hundred (100) five hundred (500)**
 8 individuals or less. The term includes a pass through entity. However,
 9 the term does not include a taxpayer who is in the business of operating
 10 a child care facility prior to making qualified expenditures.

11 SECTION 5. IC 6-3.1-39.5-12 IS REPEALED [EFFECTIVE
 12 JANUARY 1, 2026 (RETROACTIVE)]. Sec. 12. (a) If a recapture
 13 event occurs with respect to an Indiana qualified child care facility
 14 within five (5) years after the end of the taxable year in which a credit
 15 was allowed, the taxpayer is responsible for payment to the department
 16 of a recapture amount. The recapture amount is equal to the following:

- 17 (1) One hundred percent (100%) of the credit after the end of the
 first taxable year in which the credit was allowed.
- 18 (2) Eighty percent (80%) of the credit after the end of the second
 taxable year in which the credit was allowed.
- 19 (3) Sixty percent (60%) of the credit after the end of the third
 taxable year in which the credit was allowed.
- 20 (4) Forty percent (40%) of the credit after the end of the fourth
 taxable year in which the credit was allowed.
- 21 (5) Twenty percent (20%) of the credit after the end of the fifth
 taxable year in which the credit was allowed.

22 (b) Any recapture tax liability must be reported by the taxpayer on
 23 the taxpayer's annual state income tax return for the taxable year during
 24 which the use was converted.

25 (c) A recapture event is not considered to have occurred as a result
 26 of a change in ownership of an Indiana qualified child care facility for
 27 which a credit was allowed under this chapter if, before the change in
 28 ownership transaction is completed, the person acquiring an interest in
 29 the facility agrees in writing to assume the liability of the taxpayer for
 30 any recapture amount that becomes owed. In the event of such an
 31 assumption, the person acquiring the interest in the facility shall be
 32 treated as the taxpayer for purposes of assessing any recapture liability
 33 that becomes owed due to a subsequent recapture event, computed as
 34 if there had been no change in ownership, and is responsible for
 35 payment to the department of the recapture amount.

36 SECTION 6. IC 36-7-14-39, AS AMENDED BY P.L.181-2025,
 37 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38

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41 DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 JULY 1, 2026]: Sec. 39. (a) As used in this section:

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

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

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

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

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

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

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

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

34 (3) If:

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

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

41 the net assessed value of all the property as finally determined
 42 for the assessment date immediately preceding the effective date



1 of the allocation provision adopted after June 30, 1997, as
2 adjusted under subsection (h).

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

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

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

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

29 (b) A declaratory resolution adopted under section 15 of this
30 chapter on or before the allocation deadline determined under
31 subsection (i) may include a provision with respect to the allocation
32 and distribution of property taxes for the purposes and in the manner
33 provided in this section. A declaratory resolution previously adopted
34 may include an allocation provision by the amendment of that
35 declaratory resolution on or before the allocation deadline determined
36 under subsection (i) in accordance with the procedures required for its
37 original adoption. A declaratory resolution or amendment that
38 establishes an allocation provision must include a specific finding of
39 fact, supported by evidence, that the adoption of the allocation
40 provision will result in new property taxes in the area that would not
41 have been generated but for the adoption of the allocation provision.
42 For an allocation area established before July 1, 1995, the expiration



1 date of any allocation provisions for the allocation area is June 30,
 2 2025, or the last date of any obligations that are outstanding on July 1,
 3 2015, whichever is later. A declaratory resolution or an amendment
 4 that establishes an allocation provision after June 30, 1995, must
 5 specify an expiration date for the allocation provision. For an allocation
 6 area established before July 1, 2008, the expiration date may not be
 7 more than thirty (30) years after the date on which the allocation
 8 provision is established. For an allocation area established after June
 9 30, 2008, the expiration date may not be more than twenty-five (25)
 10 years after the date on which the first obligation was incurred to pay
 11 principal and interest on bonds or lease rentals on leases payable from
 12 tax increment revenues. However, with respect to bonds or other
 13 obligations that were issued before July 1, 2008, if any of the bonds or
 14 other obligations that were scheduled when issued to mature before the
 15 specified expiration date and that are payable only from allocated tax
 16 proceeds with respect to the allocation area remain outstanding as of
 17 the expiration date, the allocation provision does not expire until all of
 18 the bonds or other obligations are no longer outstanding.
 19 Notwithstanding any other law, in the case of an allocation area that is
 20 established after June 30, 2019, and that is located in a redevelopment
 21 project area described in section 25.1(c)(3)(C) of this chapter, an
 22 economic development area described in section 25.1(c)(3)(C) of this
 23 chapter, or an urban renewal project area described in section
 24 25.1(c)(3)(C) of this chapter, the expiration date of the allocation
 25 provision may not be more than thirty-five (35) years after the date on
 26 which the allocation provision is established. The allocation provision
 27 may apply to all or part of the redevelopment project area. The
 28 allocation provision must require that any property taxes subsequently
 29 levied by or for the benefit of any public body entitled to a distribution
 30 of property taxes on taxable property in the allocation area be allocated
 31 and distributed as follows:

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

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

37 (B) the base assessed value;

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

40 (2) This subdivision applies to a fire protection territory
 41 established after December 31, 2022. If a unit becomes a
 42 participating unit of a fire protection territory that is established



1 after a declaratory resolution is adopted under section 15 of this
2 chapter, the excess of the proceeds of the property taxes
3 attributable to an increase in the property tax rate for the
4 participating unit of a fire protection territory:

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

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

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

16 (B) to the extent not otherwise included in subdivisions (1)
17 and (3), the amount determined under STEP THREE of
18 clause (A) shall be allocated to and distributed in the form
19 of an allocated property tax revenue pass back to the
20 participating unit of the fire protection territory for the
21 assessment date with respect to which the allocation is
22 made.

23 However, if the redevelopment commission determines that it is
24 unable to meet its debt service obligations with regards to the
25 allocation area without all or part of the allocated property tax
26 revenue pass back to the participating unit of a fire protection
27 area under this subdivision, then the allocated property tax
28 revenue pass back under this subdivision shall be reduced by the
29 amount necessary for the redevelopment commission to meet its
30 debt service obligations of the allocation area. The calculation
31 under this subdivision must be made by the redevelopment
32 commission in collaboration with the county auditor and the
33 applicable fire protection territory. Any calculation determined
34 according to clause (A) must be submitted to the department of
35 local government finance in the manner prescribed by the
36 department of local government finance. The department of local
37 government finance shall verify the accuracy of each calculation.
38 (3) The excess of the proceeds of the property taxes imposed for
39 the assessment date with respect to which the allocation and
40 distribution is made that are attributable to taxes imposed after
41 being approved by the voters in a referendum or local public
42 question conducted after April 30, 2010, not otherwise included

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1 in subdivisions (1) and (2) shall be allocated to and, when
 2 collected, paid into the funds of the taxing unit for which the
 3 referendum or local public question was conducted.

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

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

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

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

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

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

27 (F) Make payments on leases payable from allocated tax
 28 proceeds in that allocation area under section 25.2 of this
 29 chapter.

30 (G) Reimburse the unit for expenditures made by it for local
 31 public improvements (which include buildings, parking
 32 facilities, and other items described in section 25.1(a) of
 33 this chapter) that are physically located in or physically
 34 connected to that allocation area.

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

39 (I) For property taxes first due and payable before January
 40 1, 2009, pay all or a part of a property tax replacement
 41 credit to taxpayers in an allocation area as determined by
 42 the redevelopment commission. This credit equals the



1 amount determined under the following STEPS for each
 2 taxpayer in a taxing district (as defined in IC 6-1.1-1-20)
 3 that contains all or part of the allocation area:

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

9 STEP TWO: Divide:

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

16 STEP THREE: Multiply:

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

22 If not all the taxpayers in an allocation area receive the
 23 credit in full, each taxpayer in the allocation area is entitled
 24 to receive the same proportion of the credit. A taxpayer may
 25 not receive a credit under this section and a credit under
 26 section 39.5 of this chapter (before its repeal) in the same
 27 year.

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

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

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

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



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

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

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

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

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

30 (O) **Expend money or provide financial assistance
 31 (including grants and loans) to entities for the purpose
 32 of encouraging or incentivizing the construction,
 33 expansion, or ongoing operation of child care facilities
 34 that are in the allocation area or serving the allocation
 35 area.**

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

38 (5) Except as provided in subsection (g), before June 15 of each
 39 year, the commission shall do the following:

40 (A) Determine the amount, if any, by which the assessed
 41 value of the taxable property in the allocation area for the
 42 most recent assessment date minus the base assessed value,



1 when multiplied by the estimated tax rate of the allocation
 2 area, will exceed the amount of assessed value needed to
 3 produce the property taxes necessary to make, when due,
 4 principal and interest payments on bonds described in
 5 subdivision (4), plus the amount necessary for other
 6 purposes described in subdivision (4).

7 (B) Provide a written notice to the county auditor, the fiscal
 8 body of the county or municipality that established the
 9 department of redevelopment, and the officers who are
 10 authorized to fix budgets, tax rates, and tax levies under
 11 IC 6-1.1-17-5 for each of the other taxing units that is
 12 wholly or partly located within the allocation area. The
 13 county auditor, upon receiving the notice, shall forward this
 14 notice (in an electronic format) to the department of local
 15 government finance not later than June 15 of each year. The
 16 notice must:

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

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

25 The county auditor shall allocate to the respective taxing
 26 units the amount, if any, of excess assessed value
 27 determined by the commission. The commission may not
 28 authorize an allocation of assessed value to the respective
 29 taxing units under this subdivision if to do so would
 30 endanger the interests of the holders of bonds described in
 31 subdivision (4) or lessors under section 25.3 of this chapter.

32 (C) If:

33 (i) the amount of excess assessed value determined by
 34 the commission is expected to generate more than two
 35 hundred percent (200%) of the amount of allocated tax
 36 proceeds necessary to make, when due, principal and
 37 interest payments on bonds described in subdivision
 38 (4); plus

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

41 the commission shall submit to the legislative body of the
 42 unit its determination of the excess assessed value that the



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

7 (6) Notwithstanding subdivision (5), in the case of an allocation
 8 area that is established after June 30, 2019, and that is located in
 9 a redevelopment project area described in section 25.1(c)(3)(C)
 10 of this chapter, an economic development area described in
 11 section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 12 area described in section 25.1(c)(3)(C) of this chapter, for each
 13 year the allocation provision is in effect, if the amount of excess
 14 assessed value determined by the commission under subdivision
 15 (5)(A) is expected to generate more than two hundred percent
 16 (200%) of:

17 (A) the amount of allocated tax proceeds necessary to make,
 18 when due, principal and interest payments on bonds
 19 described in subdivision (4) for the project; plus
 20 (B) the amount necessary for other purposes described in
 21 subdivision (4) for the project;

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

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

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

34 (d) Property tax proceeds allocable to the redevelopment district
 35 under subsection (b)(4) may, subject to subsection (b)(5), be
 36 irrevocably pledged by the redevelopment district for payment as set
 37 forth in subsection (b)(4).

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

42 (f) Notwithstanding any other law, the assessed value of all taxable



1 property in the allocation area, for purposes of tax limitation, property
2 tax replacement, and formulation of the budget, tax rate, and tax levy
3 for each political subdivision in which the property is located is the
4 lesser of:

(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.

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1 chapter. After each reassessment in an area under a reassessment plan
 2 prepared under IC 6-1.1-4-4.2, the department of local government
 3 finance shall adjust the base assessed value one (1) time to neutralize
 4 any effect of the reassessment of the real property in the area on the
 5 property tax proceeds allocated to the redevelopment district under this
 6 section. After each annual adjustment under IC 6-1.1-4-4.5, the
 7 department of local government finance shall adjust the base assessed
 8 value one (1) time to neutralize any effect of the annual adjustment on
 9 the property tax proceeds allocated to the redevelopment district under
 10 this section. However, the adjustments under this subsection:

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

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

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

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



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

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

19 "Allocation area" means that part of a redevelopment project area
20 to which an allocation provision of a resolution adopted under section
21 8 of this chapter refers for purposes of distribution and allocation of
22 property taxes.

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

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

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

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

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

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding

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the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

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

(3) If:

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

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

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

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

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

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

33 Except as provided in section 26.2 of this chapter, "property taxes"
34 means taxes imposed under IC 6-1.1 on real property. However, upon
35 approval by a resolution of the redevelopment commission adopted
36 before June 1, 1987, "property taxes" also includes taxes imposed
37 under IC 6-1.1 on depreciable personal property. If a redevelopment
38 commission adopted before June 1, 1987, a resolution to include within
39 the definition of property taxes, taxes imposed under IC 6-1.1 on
40 depreciable personal property that has a useful life in excess of eight
41 (8) years, the commission may by resolution determine the percentage
42 of taxes imposed under IC 6-1.1 on all depreciable personal property

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1 that will be included within the definition of property taxes. However,
 2 the percentage included must not exceed twenty-five percent (25%) of
 3 the taxes imposed under IC 6-1.1 on all depreciable personal property.

4 (b) A resolution adopted under section 8 of this chapter on or
 5 before the allocation deadline determined under subsection (i) may
 6 include a provision with respect to the allocation and distribution of
 7 property taxes for the purposes and in the manner provided in this
 8 section. A resolution previously adopted may include an allocation
 9 provision by the amendment of that resolution on or before the
 10 allocation deadline determined under subsection (i) in accordance with
 11 the procedures required for its original adoption. A declaratory
 12 resolution or amendment that establishes an allocation provision must
 13 include a specific finding of fact, supported by evidence, that the
 14 adoption of the allocation provision will result in new property taxes in
 15 the area that would not have been generated but for the adoption of the
 16 allocation provision. For an allocation area established before July 1,
 17 1995, the expiration date of any allocation provisions for the allocation
 18 area is June 30, 2025, or the last date of any obligations that are
 19 outstanding on July 1, 2015, whichever is later. However, for an
 20 allocation area identified as the Consolidated Allocation Area in the
 21 report submitted in 2013 to the fiscal body under section 36.3 of this
 22 chapter, the expiration date of any allocation provisions for the
 23 allocation area is January 1, 2051. A declaratory resolution or an
 24 amendment that establishes an allocation provision after June 30, 1995,
 25 must specify an expiration date for the allocation provision. For an
 26 allocation area established before July 1, 2008, the expiration date may
 27 not be more than thirty (30) years after the date on which the allocation
 28 provision is established. For an allocation area established after June
 29 30, 2008, the expiration date may not be more than twenty-five (25)
 30 years after the date on which the first obligation was incurred to pay
 31 principal and interest on bonds or lease rentals on leases payable from
 32 tax increment revenues. However, with respect to bonds or other
 33 obligations that were issued before July 1, 2008, if any of the bonds or
 34 other obligations that were scheduled when issued to mature before the
 35 specified expiration date and that are payable only from allocated tax
 36 proceeds with respect to the allocation area remain outstanding as of
 37 the expiration date, the allocation provision does not expire until all of
 38 the bonds or other obligations are no longer outstanding. The allocation
 39 provision may apply to all or part of the redevelopment project area.
 40 The allocation provision must require that any property taxes
 41 subsequently levied by or for the benefit of any public body entitled to
 42 a distribution of property taxes on taxable property in the allocation



1 area be allocated and distributed as follows:

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

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

7 (B) the base assessed value;

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

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

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

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

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

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

34 (D) Pay the principal of and interest on bonds issued by the
 35 consolidated city to pay for local public improvements that
 36 are physically located in or physically connected to that
 37 allocation area.

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

41 (F) Make payments on leases payable from allocated tax
 42 proceeds in that allocation area under section 17.1 of this



1 chapter.

2 (G) Reimburse the consolidated city for expenditures for
 3 local public improvements (which include buildings,
 4 parking facilities, and other items set forth in section 17 of
 5 this chapter) that are physically located in or physically
 6 connected to that allocation area.

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

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

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

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

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

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

39 (ii) Make any reimbursements required under this
 40 subdivision.

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

42 (iv) Establish, augment, or restore any debt service



1 reserve under this subdivision.

2 (K) Expend money and provide financial assistance as

3 authorized in section 7(a)(21) of this chapter.

4 **(L) Expend money or provide financial assistance**

5 **(including grants and loans) to entities for the purpose**

6 **of encouraging or incentivizing the construction,**

7 **expansion, or ongoing operation of child care facilities**

8 **that are in the allocation area or serving the allocation**

9 **area.**

10 The special fund may not be used for operating expenses of the

11 commission.

12 (4) Before June 15 of each year, the commission shall do the

13 following:

14 (A) Determine the amount, if any, by which the assessed

15 value of the taxable property in the allocation area for the

16 most recent assessment date minus the base assessed value,

17 when multiplied by the estimated tax rate of the allocation

18 area will exceed the amount of assessed value needed to

19 provide the property taxes necessary to make, when due,

20 principal and interest payments on bonds described in

21 subdivision (3) plus the amount necessary for other

22 purposes described in subdivision (3) and subsection (g).

23 (B) Provide a written notice to the county auditor, the

24 legislative body of the consolidated city, the officers who

25 are authorized to fix budgets, tax rates, and tax levies under

26 IC 6-1.1-17-5 for each of the other taxing units that is

27 wholly or partly located within the allocation area, and (in

28 an electronic format) the department of local government

29 finance. The notice must:

30 (i) state the amount, if any, of excess assessed value

31 that the commission has determined may be allocated

32 to the respective taxing units in the manner prescribed

33 in subdivision (1); or

34 (ii) state that the commission has determined that there

35 is no excess assessed value that may be allocated to the

36 respective taxing units in the manner prescribed in

37 subdivision (1).

38 The county auditor shall allocate to the respective taxing

39 units the amount, if any, of excess assessed value

40 determined by the commission. The commission may not

41 authorize an allocation to the respective taxing units under

42 this subdivision if to do so would endanger the interests of



the holders of bonds described in subdivision (3).

(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 (3); plus

(ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's 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).

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

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

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
41 to this section; or
42 (2) the base assessed value.

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

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

30 (A) Businesses operating in the enterprise zone.
31 (B) Businesses that will move their operations to the
32 enterprise zone if such a loan or grant is made.

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

39 (h) The state board of accounts and department of local
40 government finance shall make the rules and prescribe the forms and
41 procedures that they consider expedient for the implementation of this
42 chapter. After each reassessment under a reassessment plan prepared



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

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

- 20 (1) The initial allocation deadline is December 31, 2011.
- 21 (2) Subject to subdivision (3), the initial allocation deadline and
 22 subsequent allocation deadlines are automatically extended in
 23 increments of five (5) years, so that allocation deadlines
 24 subsequent to the initial allocation deadline fall on December 31,
 25 2016, and December 31 of each fifth year thereafter.
- 26 (3) At least one (1) year before the date of an allocation deadline
 27 determined under subdivision (2), the general assembly may
 28 enact a law that:

- 29 (A) terminates the automatic extension of allocation
 30 deadlines under subdivision (2); and
- 31 (B) specifically designates a particular date as the final
 32 allocation deadline.

33 (j) If the commission adopts a declaratory resolution or an
 34 amendment to a declaratory resolution that contains an allocation
 35 provision and the commission makes either of the filings required
 36 under section 10(e) of this chapter after the first anniversary of the
 37 effective date of the allocation provision, the auditor of the county in
 38 which the unit is located shall compute the base assessed value for the
 39 allocation area using the assessment date immediately preceding the
 40 later of:

- 41 (1) the date on which the documents are filed with the county
 42 auditor; or



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

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

10 SECTION 8. IC 36-7-15.1-26, AS AMENDED BY P.L.68-2025,

11 SECTION 235. IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2027]; Sec. 26, (a) As used in this section:

13 "Allocation area" means that part of a redevelopment project area
14 to which an allocation provision of a resolution adopted under section
15 8 of this chapter refers for purposes of distribution and allocation of
16 property taxes.

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

(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

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

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

34 Resolution establishing a redevelopment project area.
35 (A) the net assessed value of all the property as finally
36 determined for the assessment date immediately preceding
37 the effective date of the allocation provision of the
38 declaratory resolution, as adjusted under subsection (h);
39 plus

40 (B) to the extent that it is not included in clause (A), the net
41 assessed value of property that is assessed as residential
42 property under the rules of the department of local

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1 government finance, within the allocation area, as finally
 2 determined for the current assessment date.

3 (3) If:

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

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

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

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

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

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

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

40 (b) A resolution adopted under section 8 of this chapter on or
 41 before the allocation deadline determined under subsection (i) may
 42 include a provision with respect to the allocation and distribution of



1 property taxes for the purposes and in the manner provided in this
2 section. A resolution previously adopted may include an allocation
3 provision by the amendment of that resolution on or before the
4 allocation deadline determined under subsection (i) in accordance with
5 the procedures required for its original adoption. A declaratory
6 resolution or amendment that establishes an allocation provision must
7 include a specific finding of fact, supported by evidence, that the
8 adoption of the allocation provision will result in new property taxes in
9 the area that would not have been generated but for the adoption of the
10 allocation provision. For an allocation area established before July 1,
11 1995, the expiration date of any allocation provisions for the allocation
12 area is June 30, 2025, or the last date of any obligations that are
13 outstanding on July 1, 2015, whichever is later. However, for an
14 allocation area identified as the Consolidated Allocation Area in the
15 report submitted in 2013 to the fiscal body under section 36.3 of this
16 chapter, the expiration date of any allocation provisions for the
17 allocation area is January 1, 2051. A declaratory resolution or an
18 amendment that establishes an allocation provision after June 30, 1995,
19 must specify an expiration date for the allocation provision. For an
20 allocation area established before July 1, 2008, the expiration date may
21 not be more than thirty (30) years after the date on which the allocation
22 provision is established. For an allocation area established after June
23 30, 2008, the expiration date may not be more than twenty-five (25)
24 years after the date on which the first obligation was incurred to pay
25 principal and interest on bonds or lease rentals on leases payable from
26 tax increment revenues. However, with respect to bonds or other
27 obligations that were issued before July 1, 2008, if any of the bonds or
28 other obligations that were scheduled when issued to mature before the
29 specified expiration date and that are payable only from allocated tax
30 proceeds with respect to the allocation area remain outstanding as of
31 the expiration date, the allocation provision does not expire until all of
32 the bonds or other obligations are no longer outstanding. The allocation
33 provision may apply to all or part of the redevelopment project area.
34 The allocation provision must require that any property taxes
35 subsequently levied by or for the benefit of any public body entitled to
36 a distribution of property taxes on taxable property in the allocation
37 area be allocated and distributed as follows:

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

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

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

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

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

- (A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
- (B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.
- (D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are physically located in or physically connected to that allocation area.
- (E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.
- (G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected to that allocation area.

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

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

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

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

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

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

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

40 (L) **Expend money or provide financial assistance**
 41 **(including grants and loans) to entities for the purpose**
 42 **of encouraging or incentivizing the construction,**



expansion, or ongoing operation of child care facilities that are in the allocation area or serving the allocation area.

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

(4) 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 provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, 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, and (in an electronic format) the department of local government finance. The notice must:

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

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

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

(C) 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

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interest payments on bonds described in subdivision (3); plus

(ii) the amount necessary for other purposes described in subdivision (3) and subsection (g);

the commission shall submit to the legislative body of the unit the commission's 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).

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

18 (1) the assessed value of the property for the assessment date
19 with 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).

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

34 (1) the assessed value of the property as valued without regard
35 to 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 the 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. A unit that has no obligations, bonds, or leases
 7 payable from allocated tax proceeds under subsection (b)(3) shall
 8 establish a special zone fund and deposit all the property tax proceeds
 9 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 10 derived from property tax proceeds in excess of those described in
 11 subsection (b)(1) and (b)(2) from property located in the enterprise
 12 zone. The unit that creates the special zone fund shall use the fund,
 13 based on the recommendations of the urban enterprise association, for
 14 one (1) or more of the following purposes:

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

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

24 (A) Businesses operating in the enterprise zone.
 25 (B) Businesses that will move their operations to the
 26 enterprise zone if such a loan or grant is made.

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

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



1 neutralize any effect of the annual adjustment on the property tax
 2 proceeds allocated to the redevelopment district under this section.
 3 However, the adjustments under this subsection may not include the
 4 effect of property tax abatements under IC 6-1.1-12.1, and these
 5 adjustments may not produce less property tax proceeds allocable to
 6 the redevelopment district under subsection (b)(3) than would
 7 otherwise have been received if the reassessment under the
 8 reassessment plan or annual adjustment had not occurred. The
 9 department of local government finance may prescribe procedures for
 10 county and township officials to follow to assist the department in
 11 making the adjustments.

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

- 14 (1) The initial allocation deadline is December 31, 2011.
- 15 (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.
- 16 (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:

- 23 (A) terminates the automatic extension of allocation
 deadlines under subdivision (2); and
- 24 (B) specifically designates a particular date as the final
 allocation deadline.

25 (j) If the commission adopts a declaratory resolution or an
 26 amendment to a declaratory resolution that contains an allocation
 27 provision and the commission makes either of the filings required
 28 under section 10(e) of this chapter after the first anniversary of the
 29 effective date of the allocation provision, the auditor of the county in
 30 which the unit is located shall compute the base assessed value for the
 31 allocation area using the assessment date immediately preceding the
 32 later of:

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

35 (k) 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



1 residential assessed value as defined for purposes of calculating the
 2 rate for the local income tax property tax relief credit designated for
 3 residential property under IC 6-3.6-5-6(d)(3) (before its expiration).

4 [SECTION 9. [EFFECTIVE JULY 1, 2025 (RETROACTIVE)] (a)
 5 Notwithstanding any other provision, the total amount
 6 appropriated from the financial responsibility and opportunity
 7 growth fund in P.L.213-2025 (HEA 1001-2025) may be used by the
 8 budget agency, subject to budget committee review, only for the
 9 funding of the Child Care and Development Fund voucher
 10 program and On My Way Pre-K programmatic funding. The uses
 11 of the appropriation from the financial responsibility and
 12 opportunity growth fund in P.L.213-2025 (HEA 1001-2025) to
 13 augment the state correctional facilities operations appropriation
 14 made to the department of correction, the Medicaid assistance
 15 appropriation made to the family and social services
 16 administration, and the family and children fund appropriation
 17 made to the department of child services are repealed. If
 18 previously distributed for any of the repealed purposes, the
 19 recipient shall return the amount received to the state comptroller
 20 for transfer as set forth in this SECTION.

21 **(b) This SECTION expires July 1, 2027.**

22 [SECTION ~~↔~~[10]. [EFFECTIVE JANUARY 1, 2026
 23 (RETROACTIVE)] (a) IC 6-3.1-39.5-1, IC 6-3.1-39.5-3, and
 24 IC 6-3.1-39.5-7, all as amended by this act, apply to taxable years
 25 beginning after December 31, 2025.

26 **(b) This SECTION expires June 30, 2028.**

27 SECTION 1~~↔~~[1]. An emergency is declared for this act.]

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