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# HOUSE BILL No. 1177

Proposed Changes to introduced printing by AM117704

## DIGEST OF PROPOSED AMENDMENT

Child care assistance appropriations. Appropriates money from the state general fund for prekindergarten, early childhood learning, and expanding the availability of child care.

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

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1 expenditure:

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

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 IC 6-3.1-39.5-5 IS REPEALED [EFFECTIVE  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

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

40 The term does not include a cessation of operation or change in  
 41 ownership due to accident or casualty.

42 SECTION 4. IC 6-3.1-39.5-7, AS ADDED BY P.L.201-2023,

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

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

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

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

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

34 SECTION 6. IC 36-7-14-39, AS AMENDED BY P.L.181-2025,  
 35 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2026]: Sec. 39. (a) As used in this section:

37 "Allocation area" means that part of a redevelopment project area

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1 to which an allocation provision of a declaratory resolution adopted  
 2 under section 15 of this chapter refers for purposes of distribution and  
 3 allocation of property taxes.

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

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

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

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

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

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

32 (3) If:

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

37 (B) after June 30, 1997, a new allocation provision is  
 38 included in an amendment to the declaratory resolution;  
 39 the net assessed value of all the property as finally determined  
 40 for the assessment date immediately preceding the effective date  
 41 of the allocation provision adopted after June 30, 1997, as  
 42 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.

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

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

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or amendment that establishes an allocation provision must include a specific finding of fact, supported by evidence, that the adoption of the allocation provision will result in new property taxes in the area that would not have been generated but for the adoption of the allocation provision. For an allocation area established before July 1, 1995, the expiration date of any allocation provisions for the allocation area is June 30, 2025, or the last date of any obligations that are outstanding on July 1,



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

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

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

35 (B) the base assessed value;

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

38 (2) This subdivision applies to a fire protection territory  
 39 established after December 31, 2022. If a unit becomes a  
 40 participating unit of a fire protection territory that is established  
 41 after a declaratory resolution is adopted under section 15 of this  
 42 chapter, the excess of the proceeds of the property taxes



1 attributable to an increase in the property tax rate for the  
2 participating unit of a fire protection territory:

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

(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.

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

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

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1 referendum or local public question was conducted.

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

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

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

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

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

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

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

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

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

37 (I) For property taxes first due and payable before January  
 38 1, 2009, pay all or a part of a property tax replacement  
 39 credit to taxpayers in an allocation area as determined by  
 40 the redevelopment commission. This credit equals the  
 41 amount determined under the following STEPS for each  
 42 taxpayer in a taxing district (as defined in IC 6-1.1-20)



1 that contains all or part of the allocation area:

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

7 STEP TWO: Divide:

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

14 STEP THREE: Multiply:

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

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

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

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

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

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



1 three (3) years after the date on which the investments that  
 2 are the basis for the increment financing are made.

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

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

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

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

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

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

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

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

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

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

38 (A) Determine the amount, if any, by which the assessed  
 39 value of the taxable property in the allocation area for the  
 40 most recent assessment date minus the base assessed value,  
 41 when multiplied by the estimated tax rate of the allocation  
 42 area, will exceed the amount of assessed value needed to



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

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

15 (i) state the amount, if any, of excess assessed value  
 16 that the commission has determined may be allocated  
 17 to the respective taxing units in the manner prescribed  
 18 in subdivision (1); or  
 19 (ii) state that the commission has determined that there  
 20 is no excess assessed value that may be allocated to the  
 21 respective taxing units in the manner prescribed in  
 22 subdivision (1).

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

30 (C) If:

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

39 the commission shall submit to the legislative body of the  
 40 unit its determination of the excess assessed value that the  
 41 commission proposes to allocate to the respective taxing  
 42 units in the manner prescribed in subdivision (1). The



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

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

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

18 (B) the amount necessary for other purposes described in  
 19 subdivision (4) for the project;

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

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

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

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

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

40 (f) Notwithstanding any other law, the assessed value of all taxable  
 41 property in the allocation area, for purposes of tax limitation, property  
 42 tax replacement, and formulation of the budget, tax rate, and tax levy



1 for each political subdivision in which the property is located is the  
 2 lesser of:

3 (1) the assessed value of the property as valued without regard  
 4 to this section; or  
 5 (2) the base assessed value.

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

38 (h) The state board of accounts and department of local  
 39 government finance shall make the rules and prescribe the forms and  
 40 procedures that they consider expedient for the implementation of this  
 41 chapter. After each reassessment in an area under a reassessment plan  
 42 prepared under IC 6-1.1-4-4.2, the department of local government



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

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

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

25 (i) The allocation deadline referred to in subsection (b) is  
26 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.

40 (j) If a redevelopment commission adopts a declaratory resolution  
41 or an amendment to a declaratory resolution that contains an allocation  
42 provision and the redevelopment commission makes either of the



1 filings required under section 17(e) of this chapter after the first  
2 anniversary of the effective date of the allocation provision, the auditor  
3 of the county in which the unit is located shall compute the base  
4 assessed value for the allocation area using the assessment date  
5 immediately preceding the later of:

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

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

10 (k) For an allocation area established after June 30, 2025,  
11 "residential property" refers to the assessed value of property that is  
12 allocated to the one percent (1%) homestead land and improvement  
13 categories in the county tax and billing software system.

SECTION 7. IC 36-7-15.1-26, AS AMENDED BY P.L.174-2022,

SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) As used in this section:

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

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

23 (1) If an allocation provision is adopted after June 30, 1995, in  
24 a declaratory resolution or an amendment to a declaratory  
25 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

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.

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

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

7 (3) If:  
 8 (A) an allocation provision adopted before June 30, 1995,  
 9 in a declaratory resolution or an amendment to a declaratory  
 10 resolution establishing a redevelopment project area expires  
 11 after June 30, 1997; and  
 12 (B) after June 30, 1997, a new allocation provision is  
 13 included in an amendment to the declaratory resolution;  
 14 the net assessed value of all the property as finally determined  
 15 for the assessment date immediately preceding the effective date  
 16 of the allocation provision adopted after June 30, 1997, as  
 17 adjusted under subsection (h).  
 18 (4) Except as provided in subdivision (5), for all other allocation  
 19 areas, the net assessed value of all the property as finally  
 20 determined for the assessment date immediately preceding the  
 21 effective date of the allocation provision of the declaratory  
 22 resolution, as adjusted under subsection (h).  
 23 (5) If an allocation area established in an economic development  
 24 area before July 1, 1995, is expanded after June 30, 1995, the  
 25 definition in subdivision (1) applies to the expanded part of the  
 26 area added after June 30, 1995.  
 27 (6) If an allocation area established in a redevelopment project  
 28 area before July 1, 1997, is expanded after June 30, 1997, the  
 29 definition in subdivision (2) applies to the expanded part of the  
 30 area added after June 30, 1997.  
 31 Except as provided in section 26.2 of this chapter, "property taxes"  
 32 means taxes imposed under IC 6-1.1 on real property. However, upon  
 33 approval by a resolution of the redevelopment commission adopted  
 34 before June 1, 1987, "property taxes" also includes taxes imposed  
 35 under IC 6-1.1 on depreciable personal property. If a redevelopment  
 36 commission adopted before June 1, 1987, a resolution to include within  
 37 the definition of property taxes, taxes imposed under IC 6-1.1 on  
 38 depreciable personal property that has a useful life in excess of eight  
 39 (8) years, the commission may by resolution determine the percentage  
 40 of taxes imposed under IC 6-1.1 on all depreciable personal property  
 41 that will be included within the definition of property taxes. However,  
 42 the percentage included must not exceed twenty-five percent (25%) of



1 the taxes imposed under IC 6-1.1 on all depreciable personal property.

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

42 (1) Except as otherwise provided in this section, the proceeds of



1 the taxes attributable to the lesser of:

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

5 (B) the base assessed value;

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

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

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

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

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

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

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

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

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

42 (G) Reimburse the consolidated city for expenditures for



1 local public improvements (which include buildings,  
 2 parking facilities, and other items set forth in section 17 of  
 3 this chapter) that are physically located in or physically  
 4 connected to that allocation area.

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

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

12 (i) in the allocation area; and

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

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

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

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

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

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

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

42 (K) Expend money and provide financial assistance as



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

2 **(L) Expend money or provide financial assistance**  
 3 **(including grants and loans) to entities for the purpose**  
 4 **of encouraging or incentivizing the construction,**  
 5 **expansion, or ongoing operation of child care facilities**  
 6 **that are in the allocation area or serving the allocation**  
 7 **area.**

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

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

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

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

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

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

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

42 (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).

(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:

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

(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:

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

40 (2) the base assessed value.

41 (g) If any part of the allocation area is located in an enterprise zone  
42 created under IC 5-28-15, the unit that designated the allocation area

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1 shall create funds as specified in this subsection. A unit that has  
 2 obligations, bonds, or leases payable from allocated tax proceeds under  
 3 subsection (b)(3) shall establish an allocation fund for the purposes  
 4 specified in subsection (b)(3) and a special zone fund. Such a unit  
 5 shall, until the end of the enterprise zone phase out period, deposit each  
 6 year in the special zone fund the amount in the allocation fund derived  
 7 from property tax proceeds in excess of those described in subsection  
 8 (b)(1) and (b)(2) from property located in the enterprise zone that  
 9 exceeds the amount sufficient for the purposes specified in subsection  
 10 (b)(3) for the year. A unit that has no obligations, bonds, or leases  
 11 payable from allocated tax proceeds under subsection (b)(3) shall  
 12 establish a special zone fund and deposit all the property tax proceeds  
 13 in excess of those described in subsection (b)(1) and (b)(2) in the fund  
 14 derived from property tax proceeds in excess of those described in  
 15 subsection (b)(1) and (b)(2) from property located in the enterprise  
 16 zone. The unit that creates the special zone fund shall use the fund,  
 17 based on the recommendations of the urban enterprise association, for  
 18 one (1) or more of the following purposes:

19 (1) To pay for programs in job training, job enrichment, and  
 20 basic skill development designed to benefit residents and  
 21 employers in the enterprise zone. The programs must reserve at  
 22 least one-half (1/2) of the enrollment in any session for residents  
 23 of the enterprise zone.  
 24 (2) To make loans and grants for the purpose of stimulating  
 25 business activity in the enterprise zone or providing employment  
 26 for enterprise zone residents in the enterprise zone. These loans  
 27 and grants may be made to the following:  
 28 (A) Businesses operating in the enterprise zone.  
 29 (B) Businesses that will move their operations to the  
 30 enterprise zone if such a loan or grant is made.  
 31 (3) To provide funds to carry out other purposes specified in  
 32 subsection (b)(3). However, where reference is made in  
 33 subsection (b)(3) to the allocation area, the reference refers for  
 34 purposes of payments from the special zone fund only to that  
 35 part of the allocation area that is also located in the enterprise  
 36 zone.  
 37 (h) The state board of accounts and department of local  
 38 government finance shall make the rules and prescribe the forms and  
 39 procedures that they consider expedient for the implementation of this  
 40 chapter. After each reassessment under a reassessment plan prepared  
 41 under IC 6-1.1-4-4.2, the department of local government finance shall  
 42 adjust the base assessed value one (1) time to neutralize any effect of



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

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

18 (1) The initial allocation deadline is December 31, 2011.  
 19 (2) Subject to subdivision (3), the initial allocation deadline and  
 20 subsequent allocation deadlines are automatically extended in  
 21 increments of five (5) years, so that allocation deadlines  
 22 subsequent to the initial allocation deadline fall on December 31,  
 23 2016, and December 31 of each fifth year thereafter.

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

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

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

39 (1) the date on which the documents are filed with the county  
 40 auditor; or  
 41 (2) the date on which the documents are filed with the  
 42 department of local government finance.



8 SECTION 8. IC 36-7-15.1-26, AS AMENDED BY P.L.68-2025,  
9 SECTION 235, IS AMENDED TO READ AS FOLLOWS  
10 [EFFECTIVE JULY 1, 2027]: Sec. 26. (a) As used in this section:

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

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

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

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

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

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

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1 (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).

12 (4) Except as provided in subdivision (5), for all other allocation  
13 areas, the net assessed value of all the property as finally  
14 determined for the assessment date immediately preceding the  
15 effective date of the allocation provision of the declaratory  
16 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.

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

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

38 (b) A resolution adopted under section 8 of this chapter on or  
39 before the allocation deadline determined under subsection (i) may  
40 include a provision with respect to the allocation and distribution of  
41 property taxes for the purposes and in the manner provided in this  
42 section. A resolution previously adopted may include an allocation

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

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

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

41 (B) the base assessed value;

42 shall be allocated to and, when collected, paid into the funds of



1 the respective taxing units.

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

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

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

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

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

26 (D) Pay the principal of and interest on bonds issued by the  
 27 consolidated city to pay for local public improvements that  
 28 are physically located in or physically connected to that  
 29 allocation area.

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

33 (F) Make payments on leases payable from allocated tax  
 34 proceeds in that allocation area under section 17.1 of this  
 35 chapter.

36 (G) Reimburse the consolidated city for expenditures for  
 37 local public improvements (which include buildings,  
 38 parking facilities, and other items set forth in section 17 of  
 39 this chapter) that are physically located in or physically  
 40 connected to that allocation area.

41 (H) Reimburse the unit for rentals paid by it for a building  
 42 or parking facility that is physically located in or physically



1 connected to that allocation area under any lease entered  
 2 into under IC 36-1-10.

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

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

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

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

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

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

38 (L) **Expend money or provide financial assistance**  
 39 **(including grants and loans) to entities for the purpose**  
 40 **of encouraging or incentivizing the construction,**  
 41 **expansion, or ongoing operation of child care facilities**  
 42 **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 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:

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

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

23 (e) Notwithstanding any other law, each assessor shall, upon  
24 petition of the commission, reassess the taxable property situated upon  
25 or in, or added to, the allocation area, effective on the next assessment  
26 date after the petition.

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

32 (1) the assessed value of the property as valued without regard  
33 to this section; or  
34 (2) the base assessed value.

35 (g) If any part of the allocation area is located in an enterprise zone  
36 created under IC 5-28-15, the unit that designated the allocation area  
37 shall create funds as specified in this subsection. A unit that has  
38 obligations, bonds, or leases payable from allocated tax proceeds under  
39 subsection (b)(3) shall establish an allocation fund for the purposes  
40 specified in subsection (b)(3) and a special zone fund. Such a unit  
41 shall, until the end of the enterprise zone phase out period, deposit each  
42 year in the special zone fund the amount in the allocation fund derived

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1 from property tax proceeds in excess of those described in subsection  
 2 (b)(1) and (b)(2) from property located in the enterprise zone that  
 3 exceeds the amount sufficient for the purposes specified in subsection  
 4 (b)(3) for the year. A unit that has no obligations, bonds, or leases  
 5 payable from allocated tax proceeds under subsection (b)(3) shall  
 6 establish a special zone fund and deposit all the property tax proceeds  
 7 in excess of those described in subsection (b)(1) and (b)(2) in the fund  
 8 derived from property tax proceeds in excess of those described in  
 9 subsection (b)(1) and (b)(2) from property located in the enterprise  
 10 zone. The unit that creates the special zone fund shall use the fund,  
 11 based on the recommendations of the urban enterprise association, for  
 12 one (1) or more of the following purposes:

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

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

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

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

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



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

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

12        (1) The initial allocation deadline is December 31, 2011.  
 13        (2) Subject to subdivision (3), the initial allocation deadline and  
 14        subsequent allocation deadlines are automatically extended in  
 15        increments of five (5) years, so that allocation deadlines  
 16        subsequent to the initial allocation deadline fall on December 31,  
 17        2016, and December 31 of each fifth year thereafter.

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

21           (A) terminates the automatic extension of allocation  
 22           deadlines under subdivision (2); and  
 23           (B) specifically designates a particular date as the final  
 24           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  
 34           auditor; or  
 35           (2) the date on which the documents are filed with the  
 36           department of local government finance.

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



residential property under IC 6-3.6-5-6(d)(3) (before its expiration).

[ SECTION 9. [EFFECTIVE JULY 1, 2026] (a) There is appropriated from the state general fund for the state fiscal year beginning July 1, 2026, and ending June 30, 2027, the following:

(1) Fifty million six hundred sixty-eight thousand three hundred seventy-two dollars (\$50,668,372) to the prekindergarten program fund established by IC 12-17.2-7.2-13.5 for the prekindergarten program.

(2) One hundred ninety-six million two hundred seventeen thousand six hundred eighty-nine dollars (\$196,217,689) to the family and social services administration for early childhood learning.

(3) Two million dollars (\$2,000,000) to the family and social services administration to be used for providing counties with assistance in expanding the availability of child care.

(b) This SECTION expires July 1, 2028.

1 SECTION ~~9~~[10]. [EFFECTIVE JANUARY 1, 2026  
2 (RETROACTIVE)] (a) IC 6-3.1-39.5-1, IC 6-3.1-39.5-3, and  
3 IC 6-3.1-39.5-7, all as amended by this act, apply to taxable years  
4 beginning after December 31, 2025.

5 (b) This SECTION expires June 30, 2028.

6 SECTION 1~~9~~[1]. An emergency is declared for this act.

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