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HOUSE BILL No. 1177

Proposed Changes to introduced printing by AM117706

DIGEST OF PROPOSED AMENDMENT

Employer child care expenditure tax credit. Increases the maximum number of employees for purposes of an employer's eligibility for the employer child care expenditure tax credit (tax credit). Repeals limitations on the maximum tax credit per taxpayer and the maximum aggregate amount of tax credits allowed each state fiscal year.

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 12-17.2.1 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

2026

IN 1177—LS 6690/DI 125



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1 in this chapter, "qualified child care expenditure" means an
 2 expenditure:

3 (1) for the acquisition, construction, rehabilitation, or expansion
 4 of property used as part of an Indiana qualified child care facility
 5 of a taxpayer that is operated for the taxpayer's employees;
 6 (2) incurred under a contract between a taxpayer and an Indiana
 7 qualified child care facility to provide for the **operating costs**.
 8 ~~l~~acquisition, construction, rehabilitation, or expansion of
 9 property used as part of the Indiana qualified child care facility;
 10 or
 11 (3) for purposes of complying with the qualified child care
 12 facility licensure requirements under IC 12-17.2, as part of the
 13 taxpayer acquiring or constructing an Indiana qualified child
 14 care facility;

15 **(4) incurred for the operating costs of an Indiana qualified**
 16 **child care facility of a taxpayer that is operated for the**
 17 **taxpayer's employees, including costs related to training of**
 18 **employees, to scholarship programs, and to provide**
 19 **increased compensation to employees with higher levels of**
 20 **child care training;**

21 **(5) under a contract with an Indiana qualified child care**
 22 **facility to provide child care services to employees of the**
 23 **taxpayer, or under a contract with an intermediate entity**
 24 **that contracts with one (1) or more Indiana qualified child**
 25 **care facilities for child care services; or**

26 **(6) under a contract to provide child care resources and**
 27 **referral services to an employee of the taxpayer.**

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 IC 6-3.1-39.5-5 IS REPEALED [EFFECTIVE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

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

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

2026

IN 1177—LS 6690/DI 125



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1 SECTION 4. IC 6-3.1-39.5-7, AS ADDED BY P.L.201-2023,
 2 SECTION 103, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 7. As used
 4 in this chapter, "taxpayer" means any person, corporation, limited
 5 liability company, partnership, or other entity that has any state tax
 6 liability and employs ~~one hundred (100)~~ ~~five~~ seven hundred fifty
 7 ~~1 (500)~~ 1750 individuals or less. The term includes a pass through
 8 entity. However, the term does not include a taxpayer who is in the
 9 business of operating a child care facility prior to making qualified
 10 expenditures.

11 [SECTION 5. IC 6-3.1-39.5-8, AS ADDED BY P.L.201-2023,
 12 SECTION 103, IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 8. (a) A
 14 taxpayer that makes a qualified expenditure in a taxable year is entitled
 15 to a credit against the taxpayer's state tax liability for the taxable year.

16 (b) Subject to section 9 of this chapter, the maximum amount of
 17 the credit to which a taxpayer is entitled in a particular taxable year is
 18 equal to the lesser of

19 (1) fifty percent (50%) of the employer's qualified expenditures
 20 in the taxable year, or
 21 (2) one hundred thousand dollars (\$100,000).

22 1 SECTION ~~6~~ IC 6-3.1-39.5-12 IS REPEALED [EFFECTIVE
 23 JANUARY 1, 2026 (RETROACTIVE)]. Sec. 12: (a) If a recapture
 24 event occurs with respect to an Indiana qualified child care facility
 25 within five (5) years after the end of the taxable year in which a credit
 26 was allowed, the taxpayer is responsible for payment to the department
 27 of a recapture amount. The recapture amount is equal to the following:

- 28 (1) One hundred percent (100%) of the credit after the end of the
 29 first taxable year in which the credit was allowed.
- 30 (2) Eighty percent (80%) of the credit after the end of the second
 31 taxable year in which the credit was allowed.
- 32 (3) Sixty percent (60%) of the credit after the end of the third
 33 taxable year in which the credit was allowed.
- 34 (4) Forty percent (40%) of the credit after the end of the fourth
 35 taxable year in which the credit was allowed.
- 36 (5) Twenty percent (20%) of the credit after the end of the fifth
 37 taxable year in which the credit was allowed.

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

41 (c) A recapture event is not considered to have occurred as a result
 42 of a change in ownership of an Indiana qualified child care facility for



1 which a credit was allowed under this chapter if, before the change in
 2 ownership transaction is completed, the person acquiring an interest in
 3 the facility agrees in writing to assume the liability of the taxpayer for
 4 any recapture amount that becomes owed. In the event of such an
 5 assumption, the person acquiring the interest in the facility shall be
 6 treated as the taxpayer for purposes of assessing any recapture liability
 7 that becomes owed due to a subsequent recapture event, computed as
 8 if there had been no change in ownership, and is responsible for
 9 payment to the department of the recapture amount.

10 [SECTION 7. IC 6-3.1-39.5-14 IS REPEALED [EFFECTIVE
 11 JANUARY 1, 2026 (RETROACTIVE)]. See: 14. (a) The maximum
 12 aggregate amount of tax credits allowed under this chapter may not
 13 exceed two million five hundred thousand dollars (\$2,500,000) in each
 14 state fiscal year.

15 (b) The department shall record the time of filing of each return
 16 claiming a tax credit under this chapter and shall approve the tax
 17 credits, if they otherwise qualify for a tax credit under this chapter, in
 18 the chronological order in which the returns are filed in the state fiscal
 19 year.

20 1 SECTION ~~6~~⁸ IC 36-7-14-39, AS AMENDED BY
 21 P.L.181-2025, SECTION 20, IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 39. (a) As used in this
 23 section:

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

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

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

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.

2026

IN 1177—LS 6690/DI 125



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(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); 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, 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.

38 Except as provided in section 39.3 of this chapter, "property taxes"
39 means taxes imposed under IC 6-1.1 on real property. However, upon
40 approval by a resolution of the redevelopment commission adopted
41 before June 1, 1987, "property taxes" also includes taxes imposed
42 under IC 6-1.1 on depreciable personal property. If a redevelopment

2026

JN 1177—LS 6690/DJ 125



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

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



1 project area described in section 25.1(c)(3)(C) of this chapter, an
 2 economic development area described in section 25.1(c)(3)(C) of this
 3 chapter, or an urban renewal project area described in section
 4 25.1(c)(3)(C) of this chapter, the expiration date of the allocation
 5 provision may not be more than thirty-five (35) years after the date on
 6 which the allocation provision is established. The allocation provision
 7 may apply to all or part of the redevelopment project area. The
 8 allocation provision must require that any property taxes subsequently
 9 levied by or for the benefit of any public body entitled to a distribution
 10 of property taxes on taxable property in the allocation area be allocated
 11 and distributed as follows:

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

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

17 (B) the base assessed value;

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

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

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

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

33 STEP TWO: Subtract the STEP ONE amount from one
 34 (1).

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

38 (B) to the extent not otherwise included in subdivisions (1)
 39 and (3), the amount determined under STEP THREE of
 40 clause (A) shall be allocated to and distributed in the form
 41 of an allocated property tax revenue pass back to the
 42 participating unit of the fire protection territory for the



1 assessment date with respect to which the allocation is
 2 made.

3 However, if the redevelopment commission determines that it is
 4 unable to meet its debt service obligations with regards to the
 5 allocation area without all or part of the allocated property tax
 6 revenue pass back to the participating unit of a fire protection
 7 area under this subdivision, then the allocated property tax
 8 revenue pass back under this subdivision shall be reduced by the
 9 amount necessary for the redevelopment commission to meet its
 10 debt service obligations of the allocation area. The calculation
 11 under this subdivision must be made by the redevelopment
 12 commission in collaboration with the county auditor and the
 13 applicable fire protection territory. Any calculation determined
 14 according to clause (A) must be submitted to the department of
 15 local government finance in the manner prescribed by the
 16 department of local government finance. The department of local
 17 government finance shall verify the accuracy of each calculation.
 18 (3) The excess of the proceeds of the property taxes imposed for
 19 the assessment date with respect to which the allocation and
 20 distribution is made that are attributable to taxes imposed after
 21 being approved by the voters in a referendum or local public
 22 question conducted after April 30, 2010, not otherwise included
 23 in subdivisions (1) and (2) shall be allocated to and, when
 24 collected, paid into the funds of the taxing unit for which the
 25 referendum or local public question was conducted.

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

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

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

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



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



1 allocation fund under this section.
 2

3 If not all the taxpayers in an allocation area receive the
 4 credit in full, each taxpayer in the allocation area is entitled
 5 to receive the same proportion of the credit. A taxpayer may
 6 not receive a credit under this section and a credit under
 7 section 39.5 of this chapter (before its repeal) in the same
 year.

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

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

16 (i) in the allocation area; and

17 (ii) on a parcel of real property that has been classified
 18 as industrial property under the rules of the department
 19 of local government finance.

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

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

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

41 (ii) Make any reimbursements required under this
 42 subdivision.



(iii) Pay any expenses required under this subdivision.

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

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

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

(O) Expend money or provide financial assistance (including grants and loans) to entities for the purpose 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 allocation fund may not be used for operating expenses of the commission.

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

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (4), plus the amount necessary for other purposes described in subdivision (4).

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

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

2026

IN 1177—LS 6690/DI 125



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

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

(C) If:

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

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

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

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

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

(B) the amount necessary for other purposes described in

2026

IN 1177—LS 6690/DI 125



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1 subdivision (4) for the project;
 2 the amount of the excess assessed value that generates more than
 3 two hundred percent (200%) of the amounts described in clauses
 4 (A) and (B) shall be allocated to the respective taxing units in
 5 the manner prescribed by subdivision (1).

6 (c) For the purpose of allocating taxes levied by or for any taxing
 7 unit or units, the assessed value of taxable property in a territory in the
 8 allocation area that is annexed by any taxing unit after the effective
 9 date of the allocation provision of the declaratory resolution is the
 10 lesser of:
 11 (1) the assessed value of the property for the assessment date
 12 with respect to which the allocation and distribution is made; or
 13 (2) the base assessed value.

14 (d) Property tax proceeds allocable to the redevelopment district
 15 under subsection (b)(4) may, subject to subsection (b)(5), be
 16 irrevocably pledged by the redevelopment district for payment as set
 17 forth in subsection (b)(4).

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

22 (f) Notwithstanding any other law, the assessed value of all taxable
 23 property in the allocation area, for purposes of tax limitation, property
 24 tax replacement, and formulation of the budget, tax rate, and tax levy
 25 for each political subdivision in which the property is located is the
 26 lesser of:
 27 (1) the assessed value of the property as valued without regard
 28 to this section; or
 29 (2) the base assessed value.

30 (g) If any part of the allocation area is located in an enterprise zone
 31 created under IC 5-28-15, the unit that designated the allocation area
 32 shall create funds as specified in this subsection. A unit that has
 33 obligations, bonds, or leases payable from allocated tax proceeds under
 34 subsection (b)(4) shall establish an allocation fund for the purposes
 35 specified in subsection (b)(4) and a special zone fund. Such a unit
 36 shall, until the end of the enterprise zone phase out period, deposit each
 37 year in the special zone fund any amount in the allocation fund derived
 38 from property tax proceeds in excess of those described in subsection
 39 (b)(1), (b)(2), and (b)(3) from property located in the enterprise zone
 40 that exceeds the amount sufficient for the purposes specified in
 41 subsection (b)(4) for the year. The amount sufficient for purposes
 42 specified in subsection (b)(4) for the year shall be determined based on



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

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

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



1 reassessment plan.

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

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

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

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

18 (A) terminates the automatic extension of allocation
 19 deadlines under subdivision (2); and
 20 (B) specifically designates a particular date as the final
 21 allocation deadline.

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

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

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

38 SECTION ~~49~~ [9]. IC 36-7-15.1-26, AS AMENDED BY
 39 P.L.174-2022, SECTION 72, IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 26. (a) As used in this
 41 section:

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

2026

IN 1177—LS 6690/DI 125



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1 to which an allocation provision of a resolution adopted under section
 2 8 of this chapter refers for purposes of distribution and allocation of
 3 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, within the allocation area, as finally
 31 determined for the current 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.

(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.

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

(b) A resolution adopted under section 8 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 resolution previously adopted may include an allocation provision by the amendment of that 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, 2015, whichever is later. However, for an



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

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

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

30 (B) the base assessed value;

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

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

41 (3) Except as otherwise provided in this section, property tax
 42 proceeds in excess of those described in subdivisions (1) and (2)



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

- 5 (A) Pay the principal of and interest on any obligations
 6 payable solely from allocated tax proceeds that are incurred
 7 by the redevelopment district for the purpose of financing
 8 or refinancing the redevelopment of that allocation area.
- 9 (B) Establish, augment, or restore the debt service reserve
 10 for bonds payable solely or in part from allocated tax
 11 proceeds in that allocation area.
- 12 (C) Pay the principal of and interest on bonds payable from
 13 allocated tax proceeds in that allocation area and from the
 14 special tax levied under section 19 of this chapter.
- 15 (D) Pay the principal of and interest on bonds issued by the
 16 consolidated city to pay for local public improvements that
 17 are physically located in or physically connected to that
 18 allocation area.
- 19 (E) Pay premiums on the redemption before maturity of
 20 bonds payable solely or in part from allocated tax proceeds
 21 in that allocation area.
- 22 (F) Make payments on leases payable from allocated tax
 23 proceeds in that allocation area under section 17.1 of this
 24 chapter.
- 25 (G) Reimburse the consolidated city for expenditures for
 26 local public improvements (which include buildings,
 27 parking facilities, and other items set forth in section 17 of
 28 this chapter) that are physically located in or physically
 29 connected to that allocation area.
- 30 (H) Reimburse the unit for rentals paid by it for a building
 31 or parking facility that is physically located in or physically
 32 connected to that allocation area under any lease entered
 33 into under IC 36-1-10.
- 34 (I) Reimburse public and private entities for expenses
 35 incurred in training employees of industrial facilities that
 36 are located:
 - 37 (i) in the allocation area; and
 - 38 (ii) on a parcel of real property that has been classified
 39 as industrial property under the rules of the department
 40 of local government finance.

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



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

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

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

20 (ii) Make any reimbursements required under this
 21 subdivision.

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

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

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

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

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

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

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



1 principal and interest payments on bonds described in
 2 subdivision (3) plus the amount necessary for other
 3 purposes described in subdivision (3) and subsection (g).
 4 (B) Provide a written notice to the county auditor, the
 5 legislative body of the consolidated city, the officers who
 6 are authorized to fix budgets, tax rates, and tax levies under
 7 IC 6-1.1-17-5 for each of the other taxing units that is
 8 wholly or partly located within the allocation area, and (in
 9 an electronic format) the department of local government
 10 finance. The notice must:

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

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

25 (C) If:

26 (i) the amount of excess assessed value determined by
 27 the commission is expected to generate more than two
 28 hundred percent (200%) of the amount of allocated tax
 29 proceeds necessary to make, when due, principal and
 30 interest payments on bonds described in subdivision
 31 (3); plus
 32 (ii) the amount necessary for other purposes described
 33 in subdivision (3) and subsection (g);

34 the commission shall submit to the legislative body of the
 35 unit the commission's determination of the excess assessed
 36 value that the commission proposes to allocate to the
 37 respective taxing units in the manner prescribed in
 38 subdivision (1). The legislative body of the unit may
 39 approve the commission's determination or modify the
 40 amount of the excess assessed value that will be allocated
 41 to the respective taxing units in the manner prescribed in
 42 subdivision (1).



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

5 (1) the assessed value of the property for the assessment date
6 with respect to which the allocation and distribution is made; or
7 (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).

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

21 (1) the assessed value of the property as valued without regard
22 to this section; or
23 (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) 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 the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) 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

2026

JN 1177—LS 6690/DJ 125



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1 one (1) or more of the following purposes:

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

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

11 (A) Businesses operating in the enterprise zone.

12 (B) Businesses that will move their operations to the
 13 enterprise zone if such a loan or grant is made.

14 (3) To provide funds to carry out other purposes specified in
 15 subsection (b)(3). However, where reference is made in
 16 subsection (b)(3) to the allocation area, the reference refers for
 17 purposes of payments from the special zone fund only to that
 18 part of the allocation area that is also located in the enterprise
 19 zone.

20 (h) The state board of accounts and department of local
 21 government finance shall make the rules and prescribe the forms and
 22 procedures that they consider expedient for the implementation of this
 23 chapter. After each reassessment under a reassessment plan prepared
 24 under IC 6-1.1-4-4.2, the department of local government finance shall
 25 adjust the base assessed value one (1) time to neutralize any effect of
 26 the reassessment of the real property in the area on the property tax
 27 proceeds allocated to the redevelopment district under this section.
 28 After each annual adjustment under IC 6-1.1-4-4.5, the department of
 29 local government finance shall adjust the base assessed value to
 30 neutralize any effect of the annual adjustment on the property tax
 31 proceeds allocated to the redevelopment district under this section.
 32 However, the adjustments under this subsection may not include the
 33 effect of property tax abatements under IC 6-1.1-12.1, and these
 34 adjustments may not produce less property tax proceeds allocable to
 35 the redevelopment district under subsection (b)(3) than would
 36 otherwise have been received if the reassessment under the
 37 reassessment plan or annual adjustment had not occurred. The
 38 department of local government finance may prescribe procedures for
 39 county and township officials to follow to assist the department in
 40 making the adjustments.

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



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

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

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

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

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

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

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

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

2026

IN 1177—LS 6690/DI 125



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

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

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

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).

2026

IN 1177—LS 6690/DI 125



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(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.

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

(b) A resolution adopted under section 8 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 resolution previously adopted may include an allocation provision by the amendment of that 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, 2015, whichever is later. However, for an allocation area identified as the Consolidated Allocation Area in the report submitted in 2013 to the fiscal body under section 36.3 of this chapter, the expiration date of any allocation provisions for the allocation area is January 1, 2051. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995,

2026

IN 1177—LS 6690/DI 125



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

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

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

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

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

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

42 (A) Pay the principal of and interest on any obligations



1 payable solely from allocated tax proceeds that are incurred
 2 by the redevelopment district for the purpose of financing
 3 or refinancing the redevelopment of that allocation area.
 4 (B) Establish, augment, or restore the debt service reserve
 5 for bonds payable solely or in part from allocated tax
 6 proceeds in that allocation area.
 7 (C) Pay the principal of and interest on bonds payable from
 8 allocated tax proceeds in that allocation area and from the
 9 special tax levied under section 19 of this chapter.
 10 (D) Pay the principal of and interest on bonds issued by the
 11 consolidated city to pay for local public improvements that
 12 are physically located in or physically connected to that
 13 allocation area.
 14 (E) Pay premiums on the redemption before maturity of
 15 bonds payable solely or in part from allocated tax proceeds
 16 in that allocation area.
 17 (F) Make payments on leases payable from allocated tax
 18 proceeds in that allocation area under section 17.1 of this
 19 chapter.
 20 (G) Reimburse the consolidated city for expenditures for
 21 local public improvements (which include buildings,
 22 parking facilities, and other items set forth in section 17 of
 23 this chapter) that are physically located in or physically
 24 connected to that allocation area.
 25 (H) Reimburse the unit for rentals paid by it for a building
 26 or parking facility that is physically located in or physically
 27 connected to that allocation area under any lease entered
 28 into under IC 36-1-10.
 29 (I) Reimburse public and private entities for expenses
 30 incurred in training employees of industrial facilities that
 31 are located:
 32 (i) in the allocation area; and
 33 (ii) on a parcel of real property that has been classified
 34 as industrial property under the rules of the department
 35 of local government finance.
 36 However, the total amount of money spent for this purpose
 37 in any year may not exceed the total amount of money in the
 38 allocation fund that is attributable to property taxes paid by
 39 the industrial facilities described in this clause. The
 40 reimbursements under this clause must be made within
 41 three (3) years after the date on which the investments that
 42 are the basis for the increment financing are made.



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

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

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

22 (L) **Expend money or provide financial assistance**
 23 **(including grants and loans) to entities for the purpose**
 24 **of encouraging or incentivizing the construction,**
 25 **expansion, or ongoing operation of child care facilities**
 26 **that are in the allocation area or serving the allocation**
 27 **area.**

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

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

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

41 (B) Provide a written notice to the county auditor, the
 42 legislative body of the consolidated city, the officers who



1 are authorized to fix budgets, tax rates, and tax levies under
 2 IC 6-1.1-17-5 for each of the other taxing units that is
 3 wholly or partly located within the allocation area, and (in
 4 an electronic format) the department of local government
 5 finance. The notice must:

6 (i) state the amount, if any, of excess assessed value
 7 that the commission has determined may be allocated
 8 to the respective taxing units in the manner prescribed
 9 in subdivision (1); or
 10 (ii) state that the commission has determined that there
 11 is no excess assessed value that may be allocated to the
 12 respective taxing units in the manner prescribed in
 13 subdivision (1).

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

20 (C) If:

21 (i) the amount of excess assessed value determined by
 22 the commission is expected to generate more than two
 23 hundred percent (200%) of the amount of allocated tax
 24 proceeds necessary to make, when due, principal and
 25 interest payments on bonds described in subdivision
 26 (3); plus
 27 (ii) the amount necessary for other purposes described
 28 in subdivision (3) and subsection (g);

29 the commission shall submit to the legislative body of the
 30 unit the commission's determination of the excess assessed
 31 value that the commission proposes to allocate to the
 32 respective taxing units in the manner prescribed in
 33 subdivision (1). The legislative body of the unit may
 34 approve the commission's determination or modify the
 35 amount of the excess assessed value that will be allocated
 36 to the respective taxing units in the manner prescribed in
 37 subdivision (1).

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

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



1 with respect to which the allocation and distribution is made; or
2 (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:

16 (1) the assessed value of the property as valued without regard
17 to this section; or
18 (2) the base assessed value.

(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



1 of the enterprise zone.

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

6 (A) Businesses operating in the enterprise zone.

7 (B) Businesses that will move their operations to the
 8 enterprise zone if such a loan or grant is made.

9 (3) To provide funds to carry out other purposes specified in
 10 subsection (b)(3). However, where reference is made in
 11 subsection (b)(3) to the allocation area, the reference refers for
 12 purposes of payments from the special zone fund only to that
 13 part of the allocation area that is also located in the enterprise
 14 zone.

15 (h) The state board of accounts and department of local
 16 government finance shall make the rules and prescribe the forms and
 17 procedures that they consider expedient for the implementation of this
 18 chapter. After each reassessment under a reassessment plan prepared
 19 under IC 6-1.1-4-4.2, the department of local government finance shall
 20 adjust the base assessed value one (1) time to neutralize any effect of
 21 the reassessment of the real property in the area on the property tax
 22 proceeds allocated to the redevelopment district under this section.
 23 After each annual adjustment under IC 6-1.1-4-4.5, the department of
 24 local government finance shall adjust the base assessed value to
 25 neutralize any effect of the annual adjustment on the property tax
 26 proceeds allocated to the redevelopment district under this section.
 27 However, the adjustments under this subsection may not include the
 28 effect of property tax abatements under IC 6-1.1-12.1, and these
 29 adjustments may not produce less property tax proceeds allocable to
 30 the redevelopment district under subsection (b)(3) than would
 31 otherwise have been received if the reassessment under the
 32 reassessment plan or annual adjustment had not occurred. The
 33 department of local government finance may prescribe procedures for
 34 county and township officials to follow to assist the department in
 35 making the adjustments.

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

38 (1) The initial allocation deadline is December 31, 2011.
 39 (2) Subject to subdivision (3), the initial allocation deadline and
 40 subsequent allocation deadlines are automatically extended in
 41 increments of five (5) years, so that allocation deadlines
 42 subsequent to the initial allocation deadline fall on December 31,



1 2016, and December 31 of each fifth year thereafter.

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

5 (A) terminates the automatic extension of allocation
 6 deadlines under subdivision (2); and
 7 (B) specifically designates a particular date as the final
 8 allocation deadline.

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

17 (1) the date on which the documents are filed with the county
 18 auditor; or
 19 (2) the date on which the documents are filed with the
 20 department of local government finance.

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

28 SECTION ~~↔~~[11]. [EFFECTIVE JANUARY 1, 2026
 29 (RETROACTIVE)] (a) IC 6-3.1-39.5-1, IC 6-3.1-39.5-3, and
 30 IC 6-3.1-39.5-7, all as amended by this act, apply to taxable years
 31 beginning after December 31, 2025.

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

33 SECTION 1~~↔~~[2]. An emergency is declared for this act.I

34 1

2026

IN 1177—LS 6690/DI 125



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY