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SENATE BILL No. 27

Proposed Changes to January 16, 2026 printing by AM002701

DIGEST OF PROPOSED AMENDMENT

Stadium authority. Removes a provision in the bill regarding minority and women's business enterprise participation goals.

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

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

- 1 SECTION 1. IC 5-1-17.1 IS ADDED TO THE INDIANA CODE
- 2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2026]:
- 4 **Chapter 17.1. Northwest Indiana Stadium Authority**
- 5 **Sec. 1. As used in this chapter, "authority" refers to the**
- 6 **northwest Indiana stadium authority created by this chapter.**
- 7 **Sec. 2. As used in this chapter, "board" refers to the board of**
- 8 **directors of the authority.**
- 9 **Sec. 3. As used in this chapter, "bonds" means bonds, notes,**
- 10 **commercial paper, or other evidences of indebtedness. The term**
- 11 **includes obligations (as defined in IC 8-9.5-9-3) and swap**
- 12 **agreements (as defined in IC 8-9.5-9-4).**
- 13 **Sec. 4. As used in this chapter, "capital improvement" means**
- 14 **the building, facilities, or improvements that the board determines**
- 15 **will be of general public benefit or welfare and will promote the**
- 16 **cultural, recreational, public, or civic well-being of northwest**
- 17 **Indiana. This includes the land comprising the site, equipment,**
- 18 **heating and air conditioning facilities, sewage disposal facilities,**
- 19 **landscaping, walks, drives, parking facilities, and other structures,**
- 20 **facilities, appurtenances, materials, and supplies that are necessary**

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to make any building, facility, or improvement suitable for the use for which it was constructed.

Sec. 5. As used in this chapter, "state agency" means any of the following:

- (1) an authority, a board, a commission, a committee, a department, a division, or other instrumentality of state government; and
- (2) the Indiana finance authority created by IC 5-1.2-3.

Sec. 6. A Northwest Indiana stadium authority is hereby created as a separate body corporate and politic as an instrumentality of the state to acquire, construct, equip, own, lease, and finance facilities as set forth in this chapter. The Indiana finance authority shall provide staff support to the board of directors appointed under section 7 of this chapter.

Sec. 7. (a) The board is composed of the following three (3) members who must be residents of Indiana:

- (1) The director of the office of management and budget, or the director's designee, who shall serve as chair of the board.
- (2) One (1) member, appointed by the director of the office of management and budget, who shall serve as the vice chair of the board.
- (3) The public finance director or the director's designee.

(b) A member appointed under subsection (a)(2) serves an initial term that expires December 31, 2027, and each fourth year thereafter. The member may be reappointed to subsequent terms.

(c) A member appointed under subsection (a)(2):

- (1) continues to serve after the expiration of the appointment until a successor is appointed and qualified; and
- (2) may be removed with or without cause by the appointing authority.

(d) A member appointed under subsection (a)(2), before entering upon the duties of office, must take and subscribe an oath of office under IC 5-4-1, which shall be endorsed upon the certificate of appointment and filed with the records of the board.

Sec. 8. (a) The board shall hold an annual organizational meeting.

(b) The board shall elect one (1) member secretary-treasurer to perform the duties of those offices. The secretary-treasurer shall serve from the date of the member's election and until the member's successor is elected and qualified.

(c) Special meetings may be called by the chair of the board.

(d) Two (2) members constitute a quorum, and the

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1 concurrence of a majority of the members is necessary to authorize
2 any action.

3 (e) Subject to IC 5-14-1.5-3.6, members of the board may
4 participate in a meeting of the board by electronic communication.

5 Sec. 9. (a) The board may adopt the bylaws and rules it
6 considers necessary for the proper conduct of its duties and the
7 safeguarding of the funds and property entrusted to its care.

8 (b) The board shall, without complying with IC 4-22-2, adopt
9 the code of ethics in executive order 05-12 for its members and
10 employees.

11 Sec. 9.5 The members, officers and employees of the authority
12 executing bonds, leases, obligations, or other agreements under this
13 chapter are not subject to personal liability or accountability by
14 reason of any act authorized by this chapter.

15 Sec. 10. The authority is organized for the following purposes:

16 (1) Acquiring, financing, constructing, and leasing land and
17 capital improvements.

18 (2) Financing and constructing additional improvements to
19 capital improvements owned by the authority and leasing
20 them to or for the benefit of a lessee.

21 (3) Acquiring land or all or a portion of one (1) or more
22 capital improvements by purchase or lease and leasing the
23 land or these capital improvements back, with any additional
24 improvements that may be made to them.

25 (4) Acquiring all or a portion of one (1) or more capital
26 improvements by purchase or lease to fund or refund
27 indebtedness incurred on account of those capital
28 improvements to enable a savings in debt service obligations
29 or lease rental obligations or to obtain relief from covenants
30 that are considered to be unduly burdensome.

31 Sec. 11. (a) The authority may also:

32 (1) finance, improve, construct, reconstruct, renovate,
33 purchase, lease, acquire, and equip land and capital
34 improvements;

35 (2) lease the land or those capital improvements to a lessee;

36 (3) sue, be sued, plead, and be impleaded;

37 (4) condemn, appropriate, lease, rent, purchase, and hold any
38 real or personal property needed or considered useful in
39 connection with capital improvements;

40 (5) acquire real or personal property by gift, devise, or
41 bequest and hold, use, or dispose of that property for the
42 purposes authorized by this chapter;

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(6) after giving notice, enter upon any lots or lands for the purpose of surveying or examining them to determine the location of a capital improvement;

(7) design, order, contract for, and construct, reconstruct, and renovate any capital improvements or improvements thereto;

(8) employ managers, superintendents, architects, engineers, attorneys, auditors, clerks, construction managers, and other employees;

(9) make and enter into all contracts and agreements, including agreements to arbitrate, that are necessary or incidental to the performance of its duties and the execution of its powers under this chapter;

(10) acquire in the name of the authority by the exercise of the right of condemnation, in the manner provided in subsection (c), public or private lands, or rights in lands, rights-of-way, property, rights, easements, and interests, as it considers necessary for carrying out this chapter; and

(11) take any other action necessary to implement its purposes as set forth in section 10 of this chapter. 1

~~1 (b) The authority is subject to the provisions of 25 IAC 5 concerning equal opportunities for minority business enterprises and women's business enterprises to participate in procurement and contracting processes. In addition, the authority shall set a goal for participation by minority business enterprises of fifteen percent (15%) and women's business enterprises of five percent (5%), consistent with the goals of delivering the project on time and within the budgeted amount and, insofar as possible, using Indiana businesses for employees, goods, and services. In fulfilling the goal, the authority shall take into account historical precedents in the same market.~~

~~(c)~~ (c) If the authority is unable to agree with the owners, lessees, or occupants of any real property selected for the purposes of this chapter, the authority may proceed to procure the condemnation of the property under IC 32-24-1. The authority may not institute a proceeding until the authority has adopted a resolution that:

(1) describes the real property sought to be acquired and the purpose for which the real property is to be used;

(2) declares that the public interest and necessity require the acquisition by the authority of the property involved; and

(3) sets out any other facts that the authority considers necessary or pertinent.

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The resolution is conclusive evidence of the public necessity of the proposed acquisition and shall be referred to the attorney general for action, in the name of the authority, in the circuit or superior court of the county in which the real property is located.

Sec. 12. (a) Bonds issued under this chapter or prior law may be refunded as provided in this section.

(b) An entity may:

- (1) lease all or a portion of land or a capital improvement or improvements to the authority, which may be at a nominal lease rental with a lease back to the entity, conditioned upon the authority assuming bonds issued under this chapter or prior law and issuing its bonds to refund those bonds; and
- (2) sell all or a portion of land or a capital improvement or improvements to the authority for a price sufficient to provide for the refunding of those bonds and lease back the land or capital improvement or improvements from the authority.

Sec. 13. (a) Before a lease may be entered into under this chapter, the board must find that the lease rental provided for is fair and reasonable.

(b) A lease or sublease of land or capital improvements from the authority, or from a state agency under section 25 of this chapter:

- (1) may not have a term exceeding forty (40) years;
- (2) may not require payment of lease rentals for a newly constructed capital improvement or for improvements to an existing capital improvement until the capital improvement or improvements thereto have been completed and are ready for occupancy;
- (3) may contain provisions:
 - (A) allowing the lessee to continue to operate an existing capital improvement until completion of the improvements, reconstruction, or renovation of that capital improvement or any other capital improvement; and
 - (B) requiring payment of lease rentals for land, for an existing capital improvement being used, reconstructed, or renovated, or for any other existing capital improvement;
- (4) may contain an option to renew the lease for the same or shorter term on the conditions provided in the lease;
- (5) must contain an option for the lessee to purchase the

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capital improvement upon the terms stated in the lease:

(A) during the term of the lease for a price equal to the amount required to pay all indebtedness incurred on account of the capital improvement, including indebtedness incurred for the refunding of that indebtedness; or

(B) for one dollar (\$1) after the term of the lease, if all indebtedness incurred on account of the capital improvement, including indebtedness incurred for the refunding of that indebtedness, is no longer outstanding;

(6) may be entered into before acquisition or construction of a capital improvement;

(7) may provide that the lessee shall agree to:

(A) pay all taxes and assessments thereon;

(B) maintain insurance thereon for the benefit of the authority;

(C) assume responsibility for utilities, repairs, alterations, and any costs of operation; and

(D) pay a deposit or series of deposits to the authority from any funds legally available to the lessee before the commencement of the lease to secure the performance of the obligations under the lease;

(8) may provide that the lease rental payments by the lessee shall be made from:

(A) proceeds of local excise taxes; and

(B) applicable proceeds of food and beverage tax and innkeepers tax.

(9) subject to subdivision (10), may provide that the lessee is responsible for the operation and maintenance of the capital improvement upon completion of construction, including the negotiation and maintenance of agreements with tenants or users of the capital improvement;

(10) must provide that, during the term of the lease, the authority retains the right to approve any lease agreements and amendments to any lease agreements between the lessee and any National Football League franchised professional football team that will use the capital improvement; and

(11) must provide that:

(A) subject to the terms of the lease, the lessee will retain all revenues from operation of the capital improvement; and

(B) the authority has no responsibility to fund the

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ongoing maintenance and operations of the capital improvement.

(c) The lessee may designate the authority as its agent to receive on behalf of the lessee any of the revenues identified in subsection (b)(8).

(d) All information prepared by the lessee or a political subdivision served by the lessee with respect to a capital improvement proposed to be financed under this chapter, including a construction budget and timeline, must be provided to the budget director.

Sec. 14. This chapter contains full and complete authority for leases between the authority and a lessee. No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by the board or the lessee or any other officer, department, agency, or instrumentality of the state or any political subdivision is required to enter into any lease, except as prescribed in this chapter.

Sec. 15. If the lease provides for a capital improvement or improvements thereto to be constructed by the authority, the plans and specifications shall be submitted to and approved by all agencies designated by law to pass on plans and specifications for public buildings.

Sec. 16. The authority may enter into common wall (party wall) agreements or other agreements concerning easements or licenses. These agreements shall be recorded with the recorder of the county in which the capital improvement is located.

Sec. 17. (a) An entity may lease for a nominal lease rental, or sell to the authority, one (1) or more capital improvements or portions thereof or land upon which a capital improvement is located or is to be constructed.

(b) Any lease of all or a portion of a capital improvement by an entity to the authority must be for a term equal to the term of the lease of that capital improvement back to the entity.

(c) The entity may sell property to the authority.

Sec. 18. (a) Subject to subsection (h), the authority may issue bonds for the purpose of obtaining money to pay the cost of:

(1) acquiring real or personal property, including existing capital improvements;

(2) constructing, improving, reconstructing, or renovating one (1) or more capital improvements; or

(3) funding or refunding bonds issued under this chapter or prior law.

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(b) The bonds are payable from the lease rentals from the lease of the capital improvements for which the bonds were issued, insurance proceeds, and any other funds pledged or available.

(c) The bonds shall be authorized by a resolution of the board.

(d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.

(e) The bonds shall mature within forty (40) years.

(f) The board shall sell the bonds at public or private sale upon the terms determined by the board.

(g) All money received from any bonds issued under this chapter shall be applied to the payment of the cost of the acquisition or construction, or both, of capital improvements, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

(1) planning and development of the facility and all buildings, facilities, structures, and improvements related to it;

(2) acquisition of a site and clearing and preparing the site for construction;

(3) equipment, facilities, structures, and improvements that are necessary or desirable to make the capital improvement suitable for use and operations;

(4) architectural, engineering, consultant, and attorney's fees;

(5) incidental expenses in connection with the issuance and sale of bonds;

(6) reserves for principal and interest;

(7) interest during construction;

(8) financial advisory fees;

(9) insurance during construction;

(10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and

(11) in the case of refunding or refinancing, payment of the principal of, redemption premiums (if any) for, and interest on, the bonds being refunded or refinanced.

(h) The authority may not issue bonds under this chapter unless the authority first finds that the following conditions are met:

(1) The authority has entered into a written agreement with a contracting party concerning the terms of the financing of the facility. This agreement must include the following



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provisions:

(A) The contracting party agrees to take any legal action that the authority considers necessary to facilitate the financing of the facility, including entering into agreements during the design and construction of the facility or a sublease of a capital improvement to any state agency that is then leased by the authority to any state agency under section 25 of this chapter.

(B) The contracting party is prohibited from taking any other action with respect to the financing of the facility without the prior approval of the authority. The authority is not bound by the terms of any agreement entered into by the contracting party with respect to the financing of the facility without the prior approval of the authority.

(C) As the project financier, the Indiana finance authority (or its successor agency) and the public finance director will be responsible for selecting all investment bankers, bond counsel, trustees, and financial advisors.

(D) The authority agrees to consult with the staff of the contracting party on an as needed basis during the design and construction of the facility, and the contracting party agrees to make its staff available for this purpose.

(E) The contracting party and the National Football League franchised professional football team must commit to using their best efforts to assist and cooperate with one another to design and construct the facility on time and on budget.

(2) The National Football League franchised professional football team has entered into a lease for the stadium part of the facility that has been approved by the authority and has a term of at least thirty-five (35) years.

Sec. 18.3. (a) The following definitions apply throughout this section:

(1) "Contract" includes a lease or other agreement.

(2) "Contract limitation" refers to a bid specification, project agreement, lease provision, or other contract document that does any of the following:

(A) Requires a bidder, offeror, or contractor in any contractor tier to enter into or adhere to an agreement

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with a labor organization relating to a project.

(B) Prohibits a bidder, offeror, or contractor in any contractor tier from entering into or adhering to an agreement with a labor organization relating to a project.

(C) Discriminates against a bidder, offeror, or contractor in any contractor tier for any of the following:

(i) Becoming or remaining a signatory to an agreement with a labor organization relating to a project.

(ii) Refusing to become or remain a signatory to an agreement with a labor organization relating to a project.

(iii) Adhering or refusing to adhere to an agreement with a labor organization relating to a project.

(3) "Project" refers to a project of the authority for the construction of a facility and all buildings, facilities, structures, and improvements related to that facility to be financed in whole or in part from funds derived from the establishment of a tax area or a district.

(4) "Public benefit" refers to a grant, a tax abatement, a tax credit, or establishment or use of tax area revenues related to a project.

(b) A contract relating to a project may not require a contractor or subcontractor to enter into a contract limitation as a condition of being awarded and performing work on the contract. Any such provision is void.

(c) A public entity may not award a public benefit that is conditioned upon a requirement that the person awarded the public benefit include a contract limitation in a contract document related to a project. Any such provision is void.

Sec. 18.5. (a) This section applies to bids received with respect to a capital improvement under this chapter:

(1) that is constructed by, for, or on behalf of the authority; and

(2) for which only one (1) bid was received from a responsible bidder.

(b) The board may attempt to negotiate a more advantageous proposal and contract with the bidder if the board determines that rebidding:

(1) is not practicable or advantageous; or

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- 1 (2) would adversely affect the construction schedule or
 2 budget of the project.
- 3 (c) The board shall prepare a bid file containing the following
 4 information:
- 5 (1) A copy of all documents that are included as part of the
 6 invitation for bids.
- 7 (2) A list of all persons to whom copies of the invitation for
 8 bids were given, including the following information:
- 9 (A) A log of the dates and times of each meeting with the
 10 bidder.
- 11 (B) The name of each bidder who responded and the
 12 dollar amount of the bid.
- 13 (C) A summary of the bid receded.
- 14 (3) The basis on which the bid was accepted.
- 15 (4) Documentation of the board's negotiating process with
 16 the bidder. The documentation must include the following:
- 17 (A) A log of the dates and times of each meeting with the
 18 bidder.
- 19 (B) A description of the nature of all communications
 20 with the bidder.
- 21 (C) A copy of all written communications, including
 22 electronic communications, with the bidder.
- 23 (5) The entire contents of the contract file except for
 24 proprietary information included with the bid, such as trade
 25 secrets, manufacturing processes, and financial information
 26 that was not required to be made available for public
 27 inspection by the terms of the invitation for bids.
- 28 **Sec. 19.** This chapter contains full and complete authority for
 29 the issuance of bonds. No law, procedure, proceedings,
 30 publications, notices, consents, approvals, orders, or acts by the
 31 board or any other officer, department, agency, or instrumentality
 32 of the state or of any political subdivision is required to issue any
 33 bonds, except as prescribed in this chapter.
- 34 **Sec. 20.** Bonds issued under this chapter are legal investments
 35 for private trust funds and the funds of banks, trust companies,
 36 insurance companies, building and loan associations, credit unions,
 37 banks of discount and deposit, savings banks, loan and trust and
 38 safe deposit companies, rural loan and savings associations,
 39 guaranty loan and savings associations, mortgage guaranty
 40 companies, small loan companies, industrial loan and investment
 41 companies, and other financial institutions organized under
 42 Indiana law.

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1 **Sec. 21. (a) The authority may secure bonds issued under this**
 2 **chapter by a trust indenture between the authority and a corporate**
 3 **trustee, which may be any trust company or national or bank**
 4 **having the powers of a trust company in Indiana.**

5 **(b) The trust indenture may:**

6 **(1) pledge or assign lease rentals, receipts, and income from**
 7 **leased capital improvements, but may not mortgage land or**
 8 **capital improvements;**

9 **(2) contain reasonable and proper provisions for protecting**
 10 **and enforcing the rights and remedies of the bondholders,**
 11 **including covenants setting forth the duties of the authority**
 12 **and board;**

13 **(3) set forth the rights and remedies of bondholders and**
 14 **trustee; and**

15 **(4) restrict the individual right of action of bondholders.**

16 **(c) Any pledge or assignment made by the authority under this**
 17 **section is valid and binding from the time that the pledge or**
 18 **assignment is made, against all persons whether or not they have**
 19 **notice of the lien. Any trust indenture by which a pledge is created**
 20 **or an assignment made need not be filed or recorded. The lien is**
 21 **perfected against third parties by filing the trust indenture in the**
 22 **records of the board.**

23 **Sec. 22. If the lessee exercises its option to purchase leased**
 24 **property, it may issue its bonds as authorized by statute.**

25 **Sec. 23. All:**

26 **(1) property owned by the authority;**

27 **(2) property leased to or by the authority;**

28 **(3) revenues of the authority; and**

29 **(4) bonds issued by the authority, the interest on the bonds,**
 30 **the proceeds received by a holder from the sale of bonds to**
 31 **the extent of the holder's cost of acquisition, proceeds**
 32 **received upon redemption before maturity, proceeds**
 33 **received at maturity, and the receipt of interest in proceeds;**

34 **are exempt from taxation in Indiana for all purposes except the**
 35 **financial institutions tax imposed under IC 6-5.5.**

36 **Sec. 24. Any action to contest the validity of bonds to be issued**
 37 **under this chapter may not be brought after the fifteenth day**
 38 **following:**

39 **(1) the receipt of bids for the bonds, if the bonds are sold at**
 40 **public sale; or**

41 **(2) the publication one (1) time in a newspaper of general**
 42 **circulation of notice of the execution and delivery of the**

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contract for the sale of bonds; whichever occurs first.

Sec. 25. (a) Notwithstanding any other law, any capital improvement that may be leased by the authority to the lessee under this chapter may also be leased by the authority to any state agency to accomplish the purposes of this chapter. Any lease between the authority and a state agency under this chapter:

(1) must set forth the terms and conditions of the use and occupancy under the lease;

(2) must set forth the amounts agreed to be paid at stated intervals for the use and occupancy under the lease;

(3) must provide that the state agency is not obligated to continue to pay for the use and occupancy under the lease but is instead required to vacate the facility if it is shown that the terms and conditions of the use and occupancy and the amount to be paid for the use and occupancy are unjust and unreasonable considering the value of the services and facilities thereby afforded;

(4) must provide that the state agency is required to vacate the facility if funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy when due;

(5) may provide for such costs as maintenance, operations, taxes, and insurance to be paid by the state agency;

(6) may contain an option to renew the lease;

(7) may contain an option to purchase the facility for an amount equal to the amount required to pay the principal and interest of indebtedness of the authority incurred on account of the facility and expenses of the authority attributable to the facility;

(8) may provide for payment of sums for use and occupancy of an existing capital improvement being used by the state agency, but may not provide for payment of sums for use and occupancy of a new capital improvement until the construction of the capital improvement or portion thereof has been completed and the new capital improvement or a portion thereof is available for use and occupancy by the state agency; and

(9) may contain any other provisions agreeable to the authority and the state agency.

(b) Any state agency that leases a capital improvement from the authority under this chapter may sublease the capital improvement to the lessee under the terms and conditions set forth

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1 in section 13(a) of this chapter, section 13(b)(1) through 13(b)(4) of
 2 this chapter, section 13(b)(6) through 13(b)(8) of this chapter, and
 3 section 13(c) of this chapter.

4 (c) Notwithstanding any other law, in anticipation of the
 5 construction of any capital improvement and the lease of that
 6 capital improvement by the authority to a state agency, the
 7 authority may acquire an existing facility owned by the state
 8 agency and then lease the facility to the state agency. A lease made
 9 under this subsection shall describe the capital improvement to be
 10 constructed and may provide for the payment of rent by the state
 11 agency for the use of the existing facility. If such rent is to be paid
 12 pursuant to the lease, the lease shall provide that upon completion
 13 of the construction of the capital improvement, the capital
 14 improvement shall be substituted for the existing facility under the
 15 lease. The rent required to be paid by the state agency pursuant to
 16 the lease shall not constitute a debt of the state for purposes of the
 17 Constitution of the State of Indiana. A lease entered into under this
 18 subsection is subject to the same requirements for a lease entered
 19 into under subsection (a) with respect to both the existing facility
 20 and the capital improvement anticipated to be constructed.

21 (d) This chapter contains full and complete authority for leases
 22 between the authority and a state agency and subleases between a
 23 state agency and the lessee. No laws, procedures, proceedings,
 24 publications, notices, consents, approvals, orders, or acts by the
 25 board, the governing body of any state agency or the lessee or any
 26 other officer, department, agency, or instrumentality of the state
 27 or any political subdivision is required to enter into any such lease
 28 or sublease, except as prescribed in this chapter.

29 Sec. 26. In order to enable the authority to lease a capital
 30 improvement or existing facility to a state agency under section 25
 31 of this chapter, the public finance director or fiscal body of a
 32 municipality (as defined in IC 5-11-1-16) in northwest Indiana may
 33 convey, transfer, or sell, with or without consideration, real
 34 property (including the buildings, structures, and improvements),
 35 title to which is held in the name of the state, to the authority,
 36 without being required to advertise or solicit bids or proposals, in
 37 order to accomplish the governmental purposes of this chapter.

38 Sec. 27. If the authority enters into a lease with the lessee
 39 under section 13 of this chapter or a state agency under section 25
 40 of this chapter, which then enters into a sublease with the lessee
 41 under section 25(b) of this chapter, and the rental payments owed
 42 by the lessee to the authority under the lease or to the state agency

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1 under the sublease are payable from the revenues described in
2 section 13(b)(8) of this chapter or from the taxes authorized under
3 IC 6-9-36, IC 6-9-58, or IC 6-9-79, the budget director may choose
4 the designee of the lessee, which shall receive and deposit the
5 revenues derived from such taxes. The designee shall hold the
6 revenues on behalf of the lessee pursuant to an agreement between
7 the authority and the lessee or between a state agency and the
8 lessee. The agreement shall provide for the application of the
9 revenues in a manner that does not adversely affect the validity of
10 the lease or the sublease, as applicable.

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