

SENATE BILL No. 278

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-15-1.1; IC 6-3.6-4-3; IC 8-22-3.5; IC 32-21-5-7; IC 36-7.

Synopsis: Tax increment financing. Provides for various tax increment financing neutralization procedures for certain tax increment financing areas. Specifically, provides that for certain tax increment financing districts, in an appeal of the assessed value of a property: (1) the county or township assessor in conjunction with the preliminary informal meeting; or (2) the county board in conjunction with an appeal hearing by the county board; may request a taxpayer to provide income data necessary to determine the assessed value under the income capitalization approach. If requested, a taxpayer shall provide income data within 60 days of the request. Provides that an adopting body must annually, on or before November 10, report to the department of local government finance (DLGF), in a manner determined by the DLGF: (1) the total amount of debt outstanding; (2) the annual amount of debt due for each remaining year the debt will be outstanding; and (3) the estimated payoff year for all debt backed by the local income tax. An adopting body shall provide an indication of all debt obligations outstanding that are not supported by any secondary backing source. Provides that the DLGF shall post the information required on the DLGF's computer gateway. Redefines "residential property" for certain tax increment financing districts. Provides that the DLGF may require a redevelopment commission (and other tax increment financing bodies) to submit required documentation to neutralize the base assessed value. Any supporting documentation the redevelopment commission is required to submit to support the base assessed value neutralization calculation must be completed and submitted to the DLGF by July 15 of each year. Provides that if the redevelopment
(Continued next page)

Effective: July 1, 2026; July 1, 2027; January 1, 2028.

Baldwin

January 8, 2026, read first time and referred to Committee on Tax and Fiscal Policy.



commission does not submit the required documentation by the deadline in a given year, then 5% of the excess assessed value shall be allocated to the respective taxing units in the year the deadline is missed. Provides that the original owner of each nonowner-occupied residential property subject to the 2% tax cap, that is located in the tax increment financing area and is excluded from the base assessed value, shall upon completion of construction enter into a written agreement with the redevelopment commission indicating the owner shall be obligated to pay the property tax for the portion of outstanding bonds in the tax increment financing district attributable to the property until the term length of the original outstanding bond is retired. Provides that the written agreement with the redevelopment commission shall be considered a lien on the property and shall be included as part of the residential real estate sales disclosure. Provides that if the property is subsequently sold as a homestead property and becomes subject to the 1% tax cap, the new owner shall be responsible for the lien on the property attributable to the written agreement with the redevelopment commission, and the new homestead property owner shall be obligated to fulfill the terms of the written agreement including the payment of the property tax liability included in the agreement. Provides that, notwithstanding any other law, for taxing districts that include multiple tax increment financing districts, the original tax increment financing district does not expire and stays active only for the purpose of satisfying outstanding bonds issued by the subsequent tax increment financing district, only if the redevelopment commission completes the following requirements: (1) Provides written appeals to and receives the approval of the DLGF. (2) Provides written notice to the state board of accounts of the appeal.



Introduced

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

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE BILL No. 278



A BILL FOR AN ACT to amend the Indiana Code concerning local government.

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

1 SECTION 1. IC 6-1.1-15-1.1, AS AMENDED BY P.L.9-2024,
 2 SECTION 167, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2026]: Sec. 1.1. (a) A taxpayer may appeal an
 4 assessment of a taxpayer's tangible property by filing a notice in writing
 5 with the township assessor, or the county assessor if the township is not
 6 served by a township assessor. Except as provided in subsections (e)
 7 and (h), an appeal under this section may raise any claim of an error
 8 related to the following:
 9 (1) The assessed value of the property.
 10 (2) The assessment was against the wrong person.
 11 (3) The approval denial or omission of a deduction, credit,
 12 exemption, abatement, or tax cap.
 13 (4) A clerical, mathematical, or typographical mistake.
 14 (5) The description of the real property.
 15 (6) The legality or constitutionality of a property tax or



- 1 assessment.
- 2 A written notice under this section must be made on a form designated
- 3 by the department of local government finance. A taxpayer must file a
- 4 separate petition for each parcel.
- 5 (b) A taxpayer may appeal an error in the assessed value of the
- 6 property under subsection (a)(1) any time after the official's action, but
- 7 not later than the following:
- 8 (1) For assessments before January 1, 2019, the earlier of:
- 9 (A) forty-five (45) days after the date on which the notice of
- 10 assessment is mailed by the county; or
- 11 (B) forty-five (45) days after the date on which the tax
- 12 statement is mailed by the county treasurer, regardless of
- 13 whether the assessing official changes the taxpayer's
- 14 assessment.
- 15 (2) For assessments of real property, after December 31, 2018, the
- 16 earlier of:
- 17 (A) June 15 of the assessment year, if the notice of assessment
- 18 is mailed by the county before May 1 of the assessment year;
- 19 or
- 20 (B) June 15 of the year in which the tax statement is mailed by
- 21 the county treasurer, if the notice of assessment is mailed by
- 22 the county on or after May 1 of the assessment year.
- 23 (3) For assessments of personal property, forty-five (45) days after
- 24 the date on which the county mails the notice under
- 25 IC 6-1.1-3-20.
- 26 A taxpayer may appeal an error in the assessment under subsection
- 27 (a)(2), (a)(3), (a)(4), (a)(5), or (a)(6) not later than three (3) years after
- 28 the taxes were first due.
- 29 (c) Except as provided in subsection (d), an appeal under this
- 30 section applies only to the tax year corresponding to the tax statement
- 31 or other notice of action.
- 32 (d) An appeal under this section applies to a prior tax year if a
- 33 county official took action regarding a prior tax year, and such action
- 34 is reflected for the first time in the tax statement. A taxpayer who has
- 35 timely filed a written notice of appeal under this section may be
- 36 required to file a petition for each tax year, and each petition filed later
- 37 must be considered timely.
- 38 (e) A taxpayer may not appeal under this section any claim of error
- 39 related to the following:
- 40 (1) The denial of a deduction, exemption, abatement, or credit if
- 41 the authority to approve or deny is not vested in the county board,
- 42 county auditor, county assessor, or township assessor.



1 (2) The calculation of interest and penalties.

2 (3) A matter under subsection (a) if a separate appeal or review
3 process is statutorily prescribed.

4 However, a claim may be raised under this section regarding the
5 omission or application of a deduction approved by an authority other
6 than the county board, county auditor, county assessor, or township
7 assessor.

8 (f) The filing of a written notice under this section constitutes a
9 request by the taxpayer for a preliminary informal meeting with the
10 township assessor, or the county assessor if the township is not served
11 by a township assessor.

12 (g) A county or township official who receives a written notice
13 under this section shall forward the notice to:

14 (1) the county board; and

15 (2) the county auditor, if the taxpayer raises a claim regarding a
16 matter that is in the discretion of the county auditor.

17 (h) A taxpayer may not raise any claim in an appeal under this
18 section related to the legality or constitutionality of:

19 (1) a user fee (as defined in IC 33-23-1-10.5);

20 (2) any other charge, fee, or rate imposed by a political
21 subdivision under any other law; or

22 (3) any tax imposed by a political subdivision other than a
23 property tax.

24 (i) This subsection applies only to an appeal based on a claim of
25 error in the determination of property that is or is not eligible for a
26 standard homestead deduction under IC 6-1.1-12-37 and only for an
27 assessment date occurring before January 1, 2024. A taxpayer may
28 appeal an error in the assessment of property as described in this
29 subsection any time after the official's action, but not later than one (1)
30 year after the date on which the property that is the subject of the
31 appeal was assessed.

32 **(j) In an appeal of the assessed value of a property:**

33 **(1) the county or township assessor in conjunction with the**
34 **preliminary informal meeting; or**

35 **(2) the county board in conjunction with an appeal hearing by**
36 **the county board may request a taxpayer to provide income**
37 **data necessary to determine the assessed value under the**
38 **income capitalization approach. If requested, a taxpayer shall**
39 **provide income data within sixty (60) days of the request.**

40 SECTION 2. IC 6-3.6-4-3, AS ADDED BY P.L.243-2015,
41 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JULY 1, 2026]: Sec. 3. (a) If there are bonds or leases outstanding that



1 are payable from a tax imposed under IC 6-3.5-1.1 (before its repeal
 2 January 1, 2017), IC 6-3.5-6 (before its repeal January 1, 2017),
 3 IC 6-3.5-7 (before its repeal January 1, 2017), IC 6-3.6-6, or IC 6-3.6-7
 4 (but not IC 6-3.6-5), the adopting body may not reduce the tax rate
 5 below a rate that would produce one and twenty-five hundredths (1.25)
 6 times the total of the highest annual outstanding debt service plus the
 7 highest annual lease payments plus any amount required under the
 8 agreements for the bonds or leases to be deposited in a sinking fund or
 9 other reserve, unless:

10 (1) the adopting body; or

11 (2) any city, town, or county;

12 pledges all or a part of its share of revenues from the tax imposed under
 13 IC 6-3.6-6 or IC 6-3.6-7 (but not IC 6-3.6-5) for the life of the bonds or
 14 the term of the lease, in an amount that is sufficient, when combined
 15 with the amount pledged by the city, town, or county that issued the
 16 bonds, to produce one and twenty-five hundredths (1.25) times the total
 17 of the highest annual outstanding debt service plus the highest annual
 18 lease payments plus the amount required under the agreements for the
 19 bonds or leases to be deposited in a sinking fund or other reserve.

20 **(b) An adopting body must annually, on or before November 10,**
 21 **report to the department of local government finance, in a manner**
 22 **determined by the department of local government finance:**

23 **(1) the total amount of debt outstanding;**

24 **(2) the annual amount of debt due for each remaining year the**
 25 **debt will be outstanding; and**

26 **(3) the estimated payoff year for all debt backed by the local**
 27 **income tax. An adopting body shall provide an indication of**
 28 **all debt obligations outstanding that are not supported by any**
 29 **secondary backing source.**

30 **(c) The department of local government finance shall post the**
 31 **information required under subsection (b) on the department's**
 32 **computer gateway.**

33 SECTION 3. IC 6-3.6-4-3, AS AMENDED BY P.L.68-2025,
 34 SECTION 115, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JANUARY 1, 2028]: Sec. 3. **(a)** If there are bonds or
 36 leases outstanding that are payable from a tax imposed under
 37 IC 6-3.5-1.1 (before its repeal January 1, 2017), IC 6-3.5-6 (before its
 38 repeal January 1, 2017), IC 6-3.5-7 (before its repeal January 1, 2017),
 39 IC 6-3.6-6, or IC 6-3.6-7, the adopting body may not reduce the tax rate
 40 below a rate that would produce one and twenty-five hundredths (1.25)
 41 times the total of the highest annual outstanding debt service plus the
 42 highest annual lease payments plus any amount required under the



1 agreements for the bonds or leases to be deposited in a sinking fund or
2 other reserve, unless:

- 3 (1) the adopting body; or
4 (2) any city, town, or county;

5 pledges all or a part of its share of revenues from the tax imposed under
6 IC 6-3.6-6 or IC 6-3.6-7 for the life of the bonds or the term of the
7 lease, in an amount that is sufficient, when combined with the amount
8 pledged by the city, town, or county that issued the bonds, to produce
9 one and twenty-five hundredths (1.25) times the total of the highest
10 annual outstanding debt service plus the highest annual lease payments
11 plus the amount required under the agreements for the bonds or leases
12 to be deposited in a sinking fund or other reserve.

13 **(b) An adopting body must annually, on or before November 10,**
14 **report to the department of local government finance, in a manner**
15 **determined by the department of local government finance:**

- 16 **(1) the total amount of debt outstanding;**
17 **(2) the annual amount of debt due for each remaining year the**
18 **debt will be outstanding; and**
19 **(3) the estimated payoff year for all debt backed by the local**
20 **income tax. An adopting body shall provide an indication of**
21 **all debt obligations outstanding that are not supported by any**
22 **secondary backing source.**

23 **(c) The department of local government finance shall post the**
24 **information required under subsection (b) on the department's**
25 **computer gateway.**

26 SECTION 4. IC 8-22-3.5-9, AS AMENDED BY P.L.174-2022,
27 SECTION 50, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2026]: Sec. 9. (a) As used in this section, "base assessed
29 value" means, subject to subsection (k):

- 30 (1) the net assessed value of all the tangible property as finally
31 determined for the assessment date immediately preceding the
32 effective date of the allocation provision of the commission's
33 resolution adopted under section 5 or 9.5 of this chapter,
34 notwithstanding the date of the final action taken under section 6
35 of this chapter; plus
36 (2) to the extent it is not included in subdivision (1), the net
37 assessed value of property that is assessed as residential property
38 under the rules of the department of local government finance,
39 within the airport development zone, as finally determined for the
40 current assessment date.

41 However, subdivision (2) applies only to an airport development zone
42 established after June 30, 1997, and the portion of an airport



1 development zone established before June 30, 1997, that is added to an
2 existing airport development zone.

3 (b) A resolution adopted under section 5 of this chapter and
4 confirmed under section 6 of this chapter must include a provision with
5 respect to the allocation and distribution of property taxes for the
6 purposes and in the manner provided in this section.

7 (c) The allocation provision must:

8 (1) apply to the entire airport development zone; and

9 (2) require that any property tax on taxable tangible property
10 subsequently levied by or for the benefit of any public body
11 entitled to a distribution of property taxes in the airport
12 development zone be allocated and distributed as provided in
13 subsections (d) and (e).

14 (d) Except as otherwise provided in this section:

15 (1) the proceeds of the taxes attributable to the lesser of:

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

19 (B) the base assessed value;

20 shall be allocated and, when collected, paid into the funds of the
21 respective taxing units; and

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

30 (e) All of the property tax proceeds in excess of those described in
31 subsection (d) shall be allocated to the eligible entity for the airport
32 development zone and, when collected, paid into special funds as
33 follows:

34 (1) The commission may determine that a portion of tax proceeds
35 shall be allocated to a training grant fund to be expended by the
36 commission without appropriation solely for the purpose of
37 reimbursing training expenses incurred by public or private
38 entities in the training of employees for the qualified airport
39 development project.

40 (2) The commission may determine that a portion of tax proceeds
41 shall be allocated to a debt service fund and dedicated to the
42 payment of principal and interest on revenue bonds or a loan



1 contract of the board of aviation commissioners or airport
2 authority for a qualified airport development project, to the
3 payment of leases for a qualified airport development project, or
4 to the payment of principal and interest on bonds issued by an
5 eligible entity to pay for qualified airport development projects in
6 the airport development zone or serving the airport development
7 zone.

8 (3) The commission may determine that a part of the tax proceeds
9 shall be allocated to a project fund and used to pay expenses
10 incurred by the commission for a qualified airport development
11 project that is in the airport development zone or is serving the
12 airport development zone.

13 (4) Except as provided in subsection (f), all remaining tax
14 proceeds after allocations are made under subdivisions (1), (2),
15 and (3) shall be allocated to a project fund and dedicated to the
16 reimbursement of expenditures made by the commission for a
17 qualified airport development project that is in the airport
18 development zone or is serving the airport development zone.

19 (f) Before July 15 of each year, the commission shall do the
20 following:

21 (1) Determine the amount, if any, by which tax proceeds allocated
22 to the project fund in subsection (e)(3) in the following year will
23 exceed the amount necessary to satisfy amounts required under
24 subsection (e).

25 (2) Provide a written notice to the county auditor and the officers
26 who are authorized to fix budgets, tax rates, and tax levies under
27 IC 6-1.1-17-5 for each of the other taxing units that is wholly or
28 partly located within the allocation area. The notice must:

29 (A) state the amount, if any, of excess tax proceeds that the
30 commission has determined may be allocated to the respective
31 taxing units in the manner prescribed in subsection (d)(1); or

32 (B) state that the commission has determined that there are no
33 excess tax proceeds that may be allocated to the respective
34 taxing units in the manner prescribed in subsection (d)(1).

35 The county auditor shall allocate to the respective taxing units the
36 amount, if any, of excess tax proceeds determined by the
37 commission.

38 (g) When money in the debt service fund and in the project fund is
39 sufficient to pay all outstanding principal and interest (to the earliest
40 date on which the obligations can be redeemed) on revenue bonds
41 issued by the board of aviation commissioners or airport authority for
42 the financing of qualified airport development projects, all lease rentals



1 payable on leases of qualified airport development projects, and all
 2 costs and expenditures associated with all qualified airport
 3 development projects, money in the debt service fund and in the project
 4 fund in excess of those amounts shall be paid to the respective taxing
 5 units in the manner prescribed by subsection (d)(1).

6 (h) Property tax proceeds allocable to the debt service fund under
 7 subsection (e)(2) must, subject to subsection (g), be irrevocably
 8 pledged by the eligible entity for the purpose set forth in subsection
 9 (e)(2).

10 (i) Notwithstanding any other law, each assessor shall, upon petition
 11 of the commission, reassess the taxable tangible property situated upon
 12 or in, or added to, the airport development zone effective on the next
 13 assessment date after the petition.

14 (j) Notwithstanding any other law, the assessed value of all taxable
 15 tangible property in the airport development zone, for purposes of tax
 16 limitation, property tax replacement, and formulation of the budget, tax
 17 rate, and tax levy for each political subdivision in which the property
 18 is located is the lesser of:

19 (1) the assessed value of the tangible property as valued without
 20 regard to this section; or

21 (2) the base assessed value.

22 (k) If the commission confirms, or modifies and confirms, a
 23 resolution under section 6 of this chapter and the commission makes
 24 either of the filings required under section 6(c) of this chapter after the
 25 first anniversary of the effective date of the allocation provision, the
 26 auditor of the county in which the airport development zone is located
 27 shall compute the base assessed value for the allocation area using the
 28 assessment date immediately preceding the later of:

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

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

33 (l) For an airport development zone established after June 30, 2024,
 34 "residential property" refers to the assessed value of property that is
 35 allocated to the one percent (1%) homestead land and improvement
 36 categories in the county tax and billing software system. ~~along with the~~
 37 ~~residential assessed value as defined for purposes of calculating the~~
 38 ~~rate for the local income tax property tax relief credit designated for~~
 39 ~~residential property under IC 6-3.6-5-6(d)(3):~~

40 SECTION 5. IC 8-22-3.5-9, AS AMENDED BY P.L.68-2025,
 41 SECTION 196, IS AMENDED TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2027]: Sec. 9. (a) As used in this section, "base



1 assessed value" means, subject to subsection (k):

2 (1) the net assessed value of all the tangible property as finally
3 determined for the assessment date immediately preceding the
4 effective date of the allocation provision of the commission's
5 resolution adopted under section 5 or 9.5 of this chapter,
6 notwithstanding the date of the final action taken under section 6
7 of this chapter; plus

8 (2) to the extent it is not included in subdivision (1), the net
9 assessed value of property that is assessed as residential property
10 under the rules of the department of local government finance,
11 within the airport development zone, as finally determined for the
12 current assessment date.

13 However, subdivision (2) applies only to an airport development zone
14 established after June 30, 1997, and the portion of an airport
15 development zone established before June 30, 1997, that is added to an
16 existing airport development zone.

17 (b) A resolution adopted under section 5 of this chapter and
18 confirmed under section 6 of this chapter must include a provision with
19 respect to the allocation and distribution of property taxes for the
20 purposes and in the manner provided in this section.

21 (c) The allocation provision must:

22 (1) apply to the entire airport development zone; and

23 (2) require that any property tax on taxable tangible property
24 subsequently levied by or for the benefit of any public body
25 entitled to a distribution of property taxes in the airport
26 development zone be allocated and distributed as provided in
27 subsections (d) and (e).

28 (d) Except as otherwise provided in this section:

29 (1) the proceeds of the taxes attributable to the lesser of:

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

33 (B) the base assessed value;

34 shall be allocated and, when collected, paid into the funds of the
35 respective taxing units; and

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



- 1 public question was conducted.
- 2 (e) All of the property tax proceeds in excess of those described in
3 subsection (d) shall be allocated to the eligible entity for the airport
4 development zone and, when collected, paid into special funds as
5 follows:
- 6 (1) The commission may determine that a portion of tax proceeds
7 shall be allocated to a training grant fund to be expended by the
8 commission without appropriation solely for the purpose of
9 reimbursing training expenses incurred by public or private
10 entities in the training of employees for the qualified airport
11 development project.
- 12 (2) The commission may determine that a portion of tax proceeds
13 shall be allocated to a debt service fund and dedicated to the
14 payment of principal and interest on revenue bonds or a loan
15 contract of the board of aviation commissioners or airport
16 authority for a qualified airport development project, to the
17 payment of leases for a qualified airport development project, or
18 to the payment of principal and interest on bonds issued by an
19 eligible entity to pay for qualified airport development projects in
20 the airport development zone or serving the airport development
21 zone.
- 22 (3) The commission may determine that a part of the tax proceeds
23 shall be allocated to a project fund and used to pay expenses
24 incurred by the commission for a qualified airport development
25 project that is in the airport development zone or is serving the
26 airport development zone.
- 27 (4) Except as provided in subsection (f), all remaining tax
28 proceeds after allocations are made under subdivisions (1), (2),
29 and (3) shall be allocated to a project fund and dedicated to the
30 reimbursement of expenditures made by the commission for a
31 qualified airport development project that is in the airport
32 development zone or is serving the airport development zone.
- 33 (f) Before July 15 of each year, the commission shall do the
34 following:
- 35 (1) Determine the amount, if any, by which tax proceeds allocated
36 to the project fund in subsection (e)(3) in the following year will
37 exceed the amount necessary to satisfy amounts required under
38 subsection (e).
- 39 (2) Provide a written notice to the county auditor and the officers
40 who are authorized to fix budgets, tax rates, and tax levies under
41 IC 6-1.1-17-5 for each of the other taxing units that is wholly or
42 partly located within the allocation area. The notice must:



1 (A) state the amount, if any, of excess tax proceeds that the
 2 commission has determined may be allocated to the respective
 3 taxing units in the manner prescribed in subsection (d)(1); or
 4 (B) state that the commission has determined that there are no
 5 excess tax proceeds that may be allocated to the respective
 6 taxing units in the manner prescribed in subsection (d)(1).

7 The county auditor shall allocate to the respective taxing units the
 8 amount, if any, of excess tax proceeds determined by the
 9 commission.

10 (g) When money in the debt service fund and in the project fund is
 11 sufficient to pay all outstanding principal and interest (to the earliest
 12 date on which the obligations can be redeemed) on revenue bonds
 13 issued by the board of aviation commissioners or airport authority for
 14 the financing of qualified airport development projects, all lease rentals
 15 payable on leases of qualified airport development projects, and all
 16 costs and expenditures associated with all qualified airport
 17 development projects, money in the debt service fund and in the project
 18 fund in excess of those amounts shall be paid to the respective taxing
 19 units in the manner prescribed by subsection (d)(1).

20 (h) Property tax proceeds allocable to the debt service fund under
 21 subsection (e)(2) must, subject to subsection (g), be irrevocably
 22 pledged by the eligible entity for the purpose set forth in subsection
 23 (e)(2).

24 (i) Notwithstanding any other law, each assessor shall, upon petition
 25 of the commission, reassess the taxable tangible property situated upon
 26 or in, or added to, the airport development zone effective on the next
 27 assessment date after the petition.

28 (j) Notwithstanding any other law, the assessed value of all taxable
 29 tangible property in the airport development zone, for purposes of tax
 30 limitation, property tax replacement, and formulation of the budget, tax
 31 rate, and tax levy for each political subdivision in which the property
 32 is located is the lesser of:

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

36 (k) If the commission confirms, or modifies and confirms, a
 37 resolution under section 6 of this chapter and the commission makes
 38 either of the filings required under section 6(c) of this chapter after the
 39 first anniversary of the effective date of the allocation provision, the
 40 auditor of the county in which the airport development zone is located
 41 shall compute the base assessed value for the allocation area using the
 42 assessment date immediately preceding the later of:



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

5 (l) For an airport development zone established after June 30, 2024,
 6 "residential property" refers to the assessed value of property that is
 7 allocated to the one percent (1%) homestead land and improvement
 8 categories in the county tax and billing software system. ~~along with the~~
 9 ~~residential assessed value as defined for purposes of calculating the~~
 10 ~~rate for the local income tax property tax relief credit designated for~~
 11 ~~residential property under IC 6-3.6-5-6(d)(3) (before its expiration):~~

12 SECTION 6. IC 8-22-3.5-9.3, AS ADDED BY P.L.123-2024,
 13 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2026]: Sec. 9.3. (a) Notwithstanding any other law, if the
 15 Indiana economic development corporation subsequently designates
 16 territory that is located in an existing allocation area under this chapter
 17 as an innovation development district under IC 36-7-32.5, the
 18 allocation area may not be renewed or extended under this chapter until
 19 the term of the innovation development district expires.

20 (b) **Notwithstanding any other law, for taxing districts that**
 21 **include multiple tax increment financing districts under this**
 22 **chapter, the original tax increment financing district does not**
 23 **expire and stays active only for the purpose of satisfying**
 24 **outstanding bonds issued by the subsequent tax increment**
 25 **financing district, only if the commission completes the following**
 26 **requirements:**

- 27 (1) **Provides a written appeal to and receives the approval of**
- 28 **the department of local government finance.**
- 29 (2) **Provides written notice to the state board of accounts of**
- 30 **the appeal.**

31 SECTION 7. IC 8-22-3.5-9.8, AS ADDED BY P.L.249-2015,
 32 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JULY 1, 2026]: Sec. 9.8. (a) A commission may enter into a written
 34 agreement with a taxpayer who owns, or is otherwise obligated to pay
 35 property taxes on, tangible property that is or will be located in an
 36 allocation area established under this chapter in which the taxpayer
 37 waives review of any assessment of the taxpayer's tangible property
 38 that is located in the allocation area for an assessment date that occurs
 39 during the term of any specified bond or lease obligations that are
 40 payable from property taxes in accordance with an allocation provision
 41 for the allocation area and any applicable statute, ordinance, or
 42 resolution. An agreement described in this section may precede the



1 establishment of the allocation area or the determination to issue bonds
2 or enter into leases payable from the allocated property taxes.

3 **(b) The original owner of each nonowner-occupied residential**
4 **property subject to the two percent (2%) tax cap, that is located in**
5 **the tax increment financing area and is excluded from the base**
6 **assessed value, shall upon completion of construction enter into a**
7 **written agreement with the commission indicating the owner shall**
8 **be obligated to pay the property tax for the portion of outstanding**
9 **bonds in the tax increment financing district attributable to the**
10 **property until the term length of the original outstanding bond is**
11 **retired. The written agreement with the commission shall be**
12 **considered a lien on the property and shall be included as part of**
13 **the residential real estate sales disclosure under IC 32-21-5. If the**
14 **property is subsequently sold as a homestead property and**
15 **becomes subject to the one percent (1%) tax cap, the new owner**
16 **shall be responsible for the lien on the property attributable to the**
17 **written agreement with the commission, and the new homestead**
18 **property owner shall be obligated to fulfill the terms of the written**
19 **agreement including the payment of the property tax liability**
20 **included in the agreement.**

21 SECTION 8. IC 8-22-3.5-11, AS AMENDED BY P.L.86-2018,
22 SECTION 144, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2026]: Sec. 11. (a) The state board of accounts
24 and the department of local government finance shall make the rules
25 and prescribe the forms and procedures that the state board of accounts
26 and department consider appropriate for the implementation of this
27 chapter.

28 (b) After each reassessment under IC 6-1.1-4, the department of
29 local government finance shall adjust the base assessed value (as
30 defined in section 9 of this chapter) one (1) time to neutralize any effect
31 of the reassessment on the property tax proceeds allocated to the airport
32 development zone's special funds under section 9 of this chapter.

33 (c) After each annual adjustment under IC 6-1.1-4-4.5, the
34 department of local government finance shall adjust the base assessed
35 value (as defined in section 9 of this chapter) to neutralize any effect
36 of the annual adjustment on the property tax proceeds allocated to the
37 airport development zone's special funds under section 9 of this
38 chapter.

39 **(d) The department of local government finance may require the**
40 **commission to submit required documentation to neutralize the**
41 **base assessed value under subsection (c). Any supporting**
42 **documentation the commission is required to submit to support the**



1 **base assessed value neutralization calculation must be completed**
 2 **and submitted to the department of local government finance by**
 3 **July 15 of each year.**

4 **(e) If the commission does not submit the required**
 5 **documentation under subsection (d) by the deadline described in**
 6 **subsection (d) in a given year, then five percent (5%) of the excess**
 7 **assessed value shall be allocated to the respective taxing units in**
 8 **the manner prescribed by section 9(d)(1) of this chapter in the year**
 9 **the deadline described in subsection (d) is missed.**

10 SECTION 9. IC 32-21-5-7, AS AMENDED BY P.L.186-2025,
 11 SECTION 166, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2026]: Sec. 7. (a) The Indiana real estate
 13 commission established by IC 25-34.1-2-1 shall adopt a specific
 14 disclosure form that contains the following:

15 (1) Disclosure by the owner of the known condition of the
 16 following:

17 (A) The foundation.

18 (B) The mechanical systems.

19 (C) The roof.

20 (D) The structure.

21 (E) The water and sewer systems.

22 (F) Additions that may require improvements to the sewage
 23 disposal system.

24 (G) Other areas that the Indiana real estate commission
 25 determines are appropriate.

26 (2) Disclosure by the owner of known:

27 (A) contamination caused by the manufacture of a controlled
 28 substance (as defined by IC 35-48-1.1-7) on the property that
 29 has not been certified as decontaminated by a qualified
 30 inspector who is certified under IC 16-19-3.1; or

31 (B) manufacture of methamphetamine or dumping of waste
 32 from the manufacture of methamphetamine in a residential
 33 structure on the property.

34 (3) A notice to the prospective buyer that contains substantially
 35 the following language:

36 "The prospective buyer and the owner may wish to obtain
 37 professional advice or inspections of the property and provide for
 38 appropriate provisions in a contract between them concerning any
 39 advice, inspections, defects, or warranties obtained on the
 40 property."

41 (4) A notice to the prospective buyer that contains substantially
 42 the following language:



1 "The representations in this form are the representations of the
 2 owner and are not the representations of the agent, if any. This
 3 information is for disclosure only and is not intended to be a part
 4 of any contract between the buyer and owner."

5 (5) A disclosure by the owner that an airport is located within a
 6 geographical distance from the property as determined by the
 7 Indiana real estate commission. The commission may consider the
 8 differences between an airport serving commercial airlines and an
 9 airport that does not serve commercial airlines in determining the
 10 distance to be disclosed.

11 (6) A disclosure by the owner that:

12 (A) the property is located near a military installation, within
 13 a state area of interest (as defined in IC 36-7-30.2-6), and may
 14 be impacted to some degree by the effects of the installation's
 15 military operations; and

16 (B) local laws may restrict use and development of the
 17 property to promote compatibility with military installation
 18 operations.

19 (7) If the owner has personal knowledge of the fact that all or a
 20 portion of the real estate is located within a community's flood
 21 plain boundaries, as indicated in a Federal Emergency
 22 Management Agency Flood Insurance Rate Map, a disclosure by
 23 the owner of that fact.

24 (8) A disclosure by the owner that the property is located within
 25 a locally designated historic district under IC 36-7-11.

26 (9) A disclosure by the owner of a conservation easement (as
 27 defined in IC 32-23-5-2).

28 **(10) A disclosure by the owner if the property has a lien**
 29 **pursuant to a written agreement with a redevelopment**
 30 **commission or reuse authority under any of the following:**

31 (A) **IC 8-22-3.5-9.8(b).**

32 (B) **IC 36-7-14-39.6(b).**

33 (C) **IC 36-7-15.1-26.6(b).**

34 (D) **IC 36-7-30-26.5(b).**

35 (E) **IC 36-7-30.5-31.5(b).**

36 (b) Responsibility for the disclosure required under subsection
 37 (a)(6) rests solely with the owner of the property and no liability for the
 38 owner's failure to make the required disclosure shall accrue to any third
 39 party. Failure of the owner to make the required disclosure under
 40 subsection (a)(6) shall not:

41 (1) invalidate the transfer of the property; or



1 (2) create any encumbrance or lien upon any legal or equitable
 2 title to the property.
 3 SECTION 10. IC 36-7-14-39, AS AMENDED BY P.L.181-2025,
 4 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2026]: Sec. 39. (a) As used in this section:
 6 "Allocation area" means that part of a redevelopment project area
 7 to which an allocation provision of a declaratory resolution adopted
 8 under section 15 of this chapter refers for purposes of distribution and
 9 allocation of property taxes.
 10 "Base assessed value" means, subject to subsection (j), the
 11 following:
 12 (1) If an allocation provision is adopted after June 30, 1995, in a
 13 declaratory resolution or an amendment to a declaratory
 14 resolution establishing an economic development area:
 15 (A) the net assessed value of all the property as finally
 16 determined for the assessment date immediately preceding the
 17 effective date of the allocation provision of the declaratory
 18 resolution, as adjusted under subsection (h); plus
 19 (B) to the extent that it is not included in clause (A), the net
 20 assessed value of property that is assessed as residential
 21 property under the rules of the department of local government
 22 finance, within the allocation area, as finally determined for
 23 the current assessment date.
 24 (2) If an allocation provision is adopted after June 30, 1997, in a
 25 declaratory resolution or an amendment to a declaratory
 26 resolution establishing a redevelopment project area:
 27 (A) the net assessed value of all the property as finally
 28 determined for the assessment date immediately preceding the
 29 effective date of the allocation provision of the declaratory
 30 resolution, as adjusted under subsection (h); plus
 31 (B) to the extent that it is not included in clause (A), the net
 32 assessed value of property that is assessed as residential
 33 property under the rules of the department of local government
 34 finance, as finally determined for the current assessment date.
 35 (3) If:
 36 (A) an allocation provision adopted before June 30, 1995, in
 37 a declaratory resolution or an amendment to a declaratory
 38 resolution establishing a redevelopment project area expires
 39 after June 30, 1997; and
 40 (B) after June 30, 1997, a new allocation provision is included
 41 in an amendment to the declaratory resolution;



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

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

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

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

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

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



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

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

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

38 (B) the base assessed value;

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

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



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

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

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

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

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

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

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

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



1 collected, paid into the funds of the taxing unit for which the
2 referendum or local public question was conducted.

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

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

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

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

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

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

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

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

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

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



1 taxing district (as defined in IC 6-1.1-1-20) that contains all or
 2 part of the allocation area:
 3 STEP ONE: Determine that part of the sum of the amounts
 4 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 5 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 6 IC 6-1.1-21-2(g)(5) (before their repeal) that is attributable to
 7 the taxing district.
 8 STEP TWO: Divide:
 9 (i) that part of each county's eligible property tax
 10 replacement amount (as defined in IC 6-1.1-21-2 (before its
 11 repeal)) for that year as determined under IC 6-1.1-21-4
 12 (before its repeal) that is attributable to the taxing district;
 13 by
 14 (ii) the STEP ONE sum.
 15 STEP THREE: Multiply:
 16 (i) the STEP TWO quotient; times
 17 (ii) the total amount of the taxpayer's taxes (as defined in
 18 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
 19 that have been allocated during that year to an allocation
 20 fund under this section.
 21 If not all the taxpayers in an allocation area receive the credit
 22 in full, each taxpayer in the allocation area is entitled to
 23 receive the same proportion of the credit. A taxpayer may not
 24 receive a credit under this section and a credit under section
 25 39.5 of this chapter (before its repeal) in the same year.
 26 (J) Pay expenses incurred by the redevelopment commission
 27 for local public improvements that are in the allocation area or
 28 serving the allocation area. Public improvements include
 29 buildings, parking facilities, and other items described in
 30 section 25.1(a) of this chapter.
 31 (K) Reimburse public and private entities for expenses
 32 incurred in training employees of industrial facilities that are
 33 located:
 34 (i) in the allocation area; and
 35 (ii) on a parcel of real property that has been classified as
 36 industrial property under the rules of the department of local
 37 government finance.
 38 However, the total amount of money spent for this purpose in
 39 any year may not exceed the total amount of money in the
 40 allocation fund that is attributable to property taxes paid by the
 41 industrial facilities described in this clause. The
 42 reimbursements under this clause must be made within three



- 1 (3) years after the date on which the investments that are the
 2 basis for the increment financing are made.
- 3 (L) Pay the costs of carrying out an eligible efficiency project
 4 (as defined in IC 36-9-41-1.5) within the unit that established
 5 the redevelopment commission. However, property tax
 6 proceeds may be used under this clause to pay the costs of
 7 carrying out an eligible efficiency project only if those
 8 property tax proceeds exceed the amount necessary to do the
 9 following:
- 10 (i) Make, when due, any payments required under clauses
 11 (A) through (K), including any payments of principal and
 12 interest on bonds and other obligations payable under this
 13 subdivision, any payments of premiums under this
 14 subdivision on the redemption before maturity of bonds, and
 15 any payments on leases payable under this subdivision.
- 16 (ii) Make any reimbursements required under this
 17 subdivision.
- 18 (iii) Pay any expenses required under this subdivision.
- 19 (iv) Establish, augment, or restore any debt service reserve
 20 under this subdivision.
- 21 (M) Expend money and provide financial assistance as
 22 authorized in section 12.2(a)(27) of this chapter.
- 23 (N) Expend revenues that are allocated for police and fire
 24 services on both capital expenditures and operating expenses
 25 as authorized in section 12.2(a)(28) of this chapter.
- 26 The allocation fund may not be used for operating expenses of the
 27 commission.
- 28 (5) Except as provided in subsection (g), before June 15 of each
 29 year, the commission shall do the following:
- 30 (A) Determine the amount, if any, by which the assessed value
 31 of the taxable property in the allocation area for the most
 32 recent assessment date minus the base assessed value, when
 33 multiplied by the estimated tax rate of the allocation area, will
 34 exceed the amount of assessed value needed to produce the
 35 property taxes necessary to make, when due, principal and
 36 interest payments on bonds described in subdivision (4), plus
 37 the amount necessary for other purposes described in
 38 subdivision (4).
- 39 (B) Provide a written notice to the county auditor, the fiscal
 40 body of the county or municipality that established the
 41 department of redevelopment, and the officers who are
 42 authorized to fix budgets, tax rates, and tax levies under



1 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 2 or partly located within the allocation area. The county auditor,
 3 upon receiving the notice, shall forward this notice (in an
 4 electronic format) to the department of local government
 5 finance not later than June 15 of each year. The notice must:

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

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

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

20 (C) If:

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

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

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

36 (6) Notwithstanding subdivision (5), in the case of an allocation
 37 area that is established after June 30, 2019, and that is located in
 38 a redevelopment project area described in section 25.1(c)(3)(C)
 39 of this chapter, an economic development area described in
 40 section 25.1(c)(3)(C) of this chapter, or an urban renewal project
 41 area described in section 25.1(c)(3)(C) of this chapter, for each
 42 year the allocation provision is in effect, if the amount of excess



- 1 assessed value determined by the commission under subdivision
 2 (5)(A) is expected to generate more than two hundred percent
 3 (200%) of:
- 4 (A) the amount of allocated tax proceeds necessary to make,
 5 when due, principal and interest payments on bonds described
 6 in subdivision (4) for the project; plus
 - 7 (B) the amount necessary for other purposes described in
 8 subdivision (4) for the project;
- 9 the amount of the excess assessed value that generates more than
 10 two hundred percent (200%) of the amounts described in clauses
 11 (A) and (B) shall be allocated to the respective taxing units in the
 12 manner prescribed by subdivision (1).
- 13 (c) For the purpose of allocating taxes levied by or for any taxing
 14 unit or units, the assessed value of taxable property in a territory in the
 15 allocation area that is annexed by any taxing unit after the effective
 16 date of the allocation provision of the declaratory resolution is the
 17 lesser of:
- 18 (1) the assessed value of the property for the assessment date with
 19 respect to which the allocation and distribution is made; or
 - 20 (2) the base assessed value.
- 21 (d) Property tax proceeds allocable to the redevelopment district
 22 under subsection (b)(4) may, subject to subsection (b)(5), be
 23 irrevocably pledged by the redevelopment district for payment as set
 24 forth in subsection (b)(4).
- 25 (e) Notwithstanding any other law, each assessor shall, upon
 26 petition of the redevelopment commission, reassess the taxable
 27 property situated upon or in, or added to, the allocation area, effective
 28 on the next assessment date after the petition.
- 29 (f) Notwithstanding any other law, the assessed value of all taxable
 30 property in the allocation area, for purposes of tax limitation, property
 31 tax replacement, and formulation of the budget, tax rate, and tax levy
 32 for each political subdivision in which the property is located is the
 33 lesser of:
- 34 (1) the assessed value of the property as valued without regard to
 35 this section; or
 - 36 (2) the base assessed value.
- 37 (g) If any part of the allocation area is located in an enterprise zone
 38 created under IC 5-28-15, the unit that designated the allocation area
 39 shall create funds as specified in this subsection. A unit that has
 40 obligations, bonds, or leases payable from allocated tax proceeds under
 41 subsection (b)(4) shall establish an allocation fund for the purposes
 42 specified in subsection (b)(4) and a special zone fund. Such a unit



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

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

40 (1) may not include the effect of phasing in assessed value due to
 41 property tax abatements under IC 6-1.1-12.1;



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

9 Assessed value increases attributable to the application of an abatement
 10 schedule under IC 6-1.1-12.1 may not be included in the base assessed
 11 value of an allocation area. The department of local government
 12 finance may prescribe procedures for county and township officials to
 13 follow to assist the department in making the adjustments. **The**
 14 **department of local government finance may require the**
 15 **redevelopment commission to submit required documentation to**
 16 **neutralize the base assessed value. Any supporting documentation**
 17 **the redevelopment commission is required to submit to support the**
 18 **base assessed value neutralization calculation must be completed**
 19 **and submitted to the department of local government finance by**
 20 **July 15 of each year. If the redevelopment commission does not**
 21 **submit the required documentation under this subsection by the**
 22 **deadline described in this subsection in a given year, then five**
 23 **percent (5%) of the excess assessed value shall be allocated to the**
 24 **respective taxing units in the year the deadline described in this**
 25 **subsection is missed.**

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

28 (1) The initial allocation deadline is December 31, 2011.

29 (2) Subject to subdivision (3), the initial allocation deadline and
 30 subsequent allocation deadlines are automatically extended in
 31 increments of five (5) years, so that allocation deadlines
 32 subsequent to the initial allocation deadline fall on December 31,
 33 2016, and December 31 of each fifth year thereafter.

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

37 (A) terminates the automatic extension of allocation deadlines
 38 under subdivision (2); and

39 (B) specifically designates a particular date as the final
 40 allocation deadline.

41 (j) If a redevelopment commission adopts a declaratory resolution
 42 or an amendment to a declaratory resolution that contains an allocation



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

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

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

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

15 SECTION 11. IC 36-7-14-39.6, AS ADDED BY P.L.249-2015,
 16 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2026]: Sec. 39.6. (a) A redevelopment commission may enter
 18 into a written agreement with a taxpayer who owns, or is otherwise
 19 obligated to pay property taxes on, tangible property that is or will be
 20 located in an allocation area established under this chapter in which the
 21 taxpayer waives review of any assessment of the taxpayer's tangible
 22 property that is located in the allocation area for an assessment date
 23 that occurs during the term of any specified bond or lease obligations
 24 that are payable from property taxes in accordance with an allocation
 25 provision for the allocation area and any applicable statute, ordinance,
 26 or resolution. An agreement described in this section may precede the
 27 establishment of the allocation area or the determination to issue bonds
 28 or enter into leases payable from the allocated property taxes.

29 (b) **The original owner of each nonowner-occupied residential**
 30 **property subject to the two percent (2%) tax cap, that is located in**
 31 **the tax increment financing area and is excluded from the base**
 32 **assessed value, shall upon completion of construction enter into a**
 33 **written agreement with the redevelopment commission indicating**
 34 **the owner shall be obligated to pay the property tax for the portion**
 35 **of outstanding bonds in the tax increment financing district**
 36 **attributable to the property until the term length of the original**
 37 **outstanding bond is retired. The written agreement with the**
 38 **redevelopment commission shall be considered a lien on the**
 39 **property and shall be included as part of the residential real estate**
 40 **sales disclosure under IC 32-21-5. If the property is subsequently**
 41 **sold as a homestead property and becomes subject to the one**
 42 **percent (1%) tax cap, the new owner shall be responsible for the**



1 **lien on the property attributable to the written agreement with the**
 2 **redevelopment commission, and the new homestead property**
 3 **owner shall be obligated to fulfill the terms of the written**
 4 **agreement including the payment of the property tax liability**
 5 **included in the agreement.**

6 SECTION 12. IC 36-7-14-39.8, AS ADDED BY P.L.123-2024,
 7 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2026]: Sec. 39.8. **(a)** Notwithstanding any other law, if the
 9 Indiana economic development corporation subsequently designates
 10 territory that is located in an existing allocation area under this chapter
 11 as an innovation development district under IC 36-7-32.5, the
 12 allocation area may not be renewed or extended under this chapter until
 13 the term of the innovation development district expires.

14 **(b) Notwithstanding any other law, for taxing districts that**
 15 **include multiple tax increment financing districts under this**
 16 **chapter, the original tax increment financing district does not**
 17 **expire and stays active only for the purpose of satisfying**
 18 **outstanding bonds issued by the subsequent tax increment**
 19 **financing district, only if the redevelopment commission completes**
 20 **the following requirements:**

21 **(1) Provides a written appeal to and receives the approval of**
 22 **the department of local government finance.**

23 **(2) Provides written notice to the state board of accounts of**
 24 **the appeal.**

25 SECTION 13. IC 36-7-15.1-26, AS AMENDED BY .L.174-2022,
 26 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2026]: Sec. 26. (a) As used in this section:

28 "Allocation area" means that part of a redevelopment project area
 29 to which an allocation provision of a resolution adopted under section
 30 8 of this chapter refers for purposes of distribution and allocation of
 31 property taxes.

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

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

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

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



- 1 property under the rules of the department of local government
2 finance, within the allocation area, as finally determined for
3 the current assessment date.
- 4 (2) If an allocation provision is adopted after June 30, 1997, in a
5 declaratory resolution or an amendment to a declaratory
6 resolution establishing a redevelopment project area:
7 (A) the net assessed value of all the property as finally
8 determined for the assessment date immediately preceding the
9 effective date of the allocation provision of the declaratory
10 resolution, as adjusted under subsection (h); plus
11 (B) to the extent that it is not included in clause (A), the net
12 assessed value of property that is assessed as residential
13 property under the rules of the department of local government
14 finance, within the allocation area, as finally determined for
15 the current assessment date.
- 16 (3) If:
17 (A) an allocation provision adopted before June 30, 1995, in
18 a declaratory resolution or an amendment to a declaratory
19 resolution establishing a redevelopment project area expires
20 after June 30, 1997; and
21 (B) after June 30, 1997, a new allocation provision is included
22 in an amendment to the declaratory resolution;
23 the net assessed value of all the property as finally determined for
24 the assessment date immediately preceding the effective date of
25 the allocation provision adopted after June 30, 1997, as adjusted
26 under subsection (h).
- 27 (4) Except as provided in subdivision (5), for all other allocation
28 areas, the net assessed value of all the property as finally
29 determined for the assessment date immediately preceding the
30 effective date of the allocation provision of the declaratory
31 resolution, as adjusted under subsection (h).
- 32 (5) If an allocation area established in an economic development
33 area before July 1, 1995, is expanded after June 30, 1995, the
34 definition in subdivision (1) applies to the expanded part of the
35 area added after June 30, 1995.
- 36 (6) If an allocation area established in a redevelopment project
37 area before July 1, 1997, is expanded after June 30, 1997, the
38 definition in subdivision (2) applies to the expanded part of the
39 area added after June 30, 1997.
- 40 Except as provided in section 26.2 of this chapter, "property taxes"
41 means taxes imposed under IC 6-1.1 on real property. However, upon
42 approval by a resolution of the redevelopment commission adopted



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

11 (b) A resolution adopted under section 8 of this chapter on or before
12 the allocation deadline determined under subsection (i) may include a
13 provision with respect to the allocation and distribution of property
14 taxes for the purposes and in the manner provided in this section. A
15 resolution previously adopted may include an allocation provision by
16 the amendment of that resolution on or before the allocation deadline
17 determined under subsection (i) in accordance with the procedures
18 required for its original adoption. A declaratory resolution or
19 amendment that establishes an allocation provision must include a
20 specific finding of fact, supported by evidence, that the adoption of the
21 allocation provision will result in new property taxes in the area that
22 would not have been generated but for the adoption of the allocation
23 provision. For an allocation area established before July 1, 1995, the
24 expiration date of any allocation provisions for the allocation area is
25 June 30, 2025, or the last date of any obligations that are outstanding
26 on July 1, 2015, whichever is later. However, for an allocation area
27 identified as the Consolidated Allocation Area in the report submitted
28 in 2013 to the fiscal body under section 36.3 of this chapter, the
29 expiration date of any allocation provisions for the allocation area is
30 January 1, 2051. A declaratory resolution or an amendment that
31 establishes an allocation provision after June 30, 1995, must specify an
32 expiration date for the allocation provision. For an allocation area
33 established before July 1, 2008, the expiration date may not be more
34 than thirty (30) years after the date on which the allocation provision
35 is established. For an allocation area established after June 30, 2008,
36 the expiration date may not be more than twenty-five (25) years after
37 the date on which the first obligation was incurred to pay principal and
38 interest on bonds or lease rentals on leases payable from tax increment
39 revenues. However, with respect to bonds or other obligations that were
40 issued before July 1, 2008, if any of the bonds or other obligations that
41 were scheduled when issued to mature before the specified expiration
42 date and that are payable only from allocated tax proceeds with respect



1 to the allocation area remain outstanding as of the expiration date, the
 2 allocation provision does not expire until all of the bonds or other
 3 obligations are no longer outstanding. The allocation provision may
 4 apply to all or part of the redevelopment project area. The allocation
 5 provision must require that any property taxes subsequently levied by
 6 or for the benefit of any public body entitled to a distribution of
 7 property taxes on taxable property in the allocation area be allocated
 8 and distributed as follows:

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

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

13 or

14 (B) the base assessed value;

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

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

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

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

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

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

41 (D) Pay the principal of and interest on bonds issued by the
 42 consolidated city to pay for local public improvements that are



- 1 physically located in or physically connected to that allocation
 2 area.
- 3 (E) Pay premiums on the redemption before maturity of bonds
 4 payable solely or in part from allocated tax proceeds in that
 5 allocation area.
- 6 (F) Make payments on leases payable from allocated tax
 7 proceeds in that allocation area under section 17.1 of this
 8 chapter.
- 9 (G) Reimburse the consolidated city for expenditures for local
 10 public improvements (which include buildings, parking
 11 facilities, and other items set forth in section 17 of this
 12 chapter) that are physically located in or physically connected
 13 to that allocation area.
- 14 (H) Reimburse the unit for rentals paid by it for a building or
 15 parking facility that is physically located in or physically
 16 connected to that allocation area under any lease entered into
 17 under IC 36-1-10.
- 18 (I) Reimburse public and private entities for expenses incurred
 19 in training employees of industrial facilities that are located:
 20 (i) in the allocation area; and
 21 (ii) on a parcel of real property that has been classified as
 22 industrial property under the rules of the department of local
 23 government finance.
- 24 However, the total amount of money spent for this purpose in
 25 any year may not exceed the total amount of money in the
 26 allocation fund that is attributable to property taxes paid by the
 27 industrial facilities described in this clause. The
 28 reimbursements under this clause must be made within three
 29 (3) years after the date on which the investments that are the
 30 basis for the increment financing are made.
- 31 (J) Pay the costs of carrying out an eligible efficiency project
 32 (as defined in IC 36-9-41-1.5) within the unit that established
 33 the redevelopment commission. However, property tax
 34 proceeds may be used under this clause to pay the costs of
 35 carrying out an eligible efficiency project only if those
 36 property tax proceeds exceed the amount necessary to do the
 37 following:
 38 (i) Make, when due, any payments required under clauses
 39 (A) through (I), including any payments of principal and
 40 interest on bonds and other obligations payable under this
 41 subdivision, any payments of premiums under this



- 1 subdivision on the redemption before maturity of bonds, and
 2 any payments on leases payable under this subdivision.
- 3 (ii) Make any reimbursements required under this
 4 subdivision.
- 5 (iii) Pay any expenses required under this subdivision.
- 6 (iv) Establish, augment, or restore any debt service reserve
 7 under this subdivision.
- 8 (K) Expend money and provide financial assistance as
 9 authorized in section 7(a)(21) of this chapter.
- 10 The special fund may not be used for operating expenses of the
 11 commission.
- 12 (4) Before June 15 of each year, the commission shall do the
 13 following:
- 14 (A) Determine the amount, if any, by which the assessed value
 15 of the taxable property in the allocation area for the most
 16 recent assessment date minus the base assessed value, when
 17 multiplied by the estimated tax rate of the allocation area will
 18 exceed the amount of assessed value needed to provide the
 19 property taxes necessary to make, when due, principal and
 20 interest payments on bonds described in subdivision (3) plus
 21 the amount necessary for other purposes described in
 22 subdivision (3) and subsection (g).
- 23 (B) Provide a written notice to the county auditor, the
 24 legislative body of the consolidated city, the officers who are
 25 authorized to fix budgets, tax rates, and tax levies under
 26 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 27 or partly located within the allocation area, and (in an
 28 electronic format) the department of local government finance.
 29 The notice must:
- 30 (i) state the amount, if any, of excess assessed value that the
 31 commission has determined may be allocated to the
 32 respective taxing units in the manner prescribed in
 33 subdivision (1); or
- 34 (ii) state that the commission has determined that there is no
 35 excess assessed value that may be allocated to the respective
 36 taxing units in the manner prescribed in subdivision (1).
- 37 The county auditor shall allocate to the respective taxing units
 38 the amount, if any, of excess assessed value determined by the
 39 commission. The commission may not authorize an allocation
 40 to the respective taxing units under this subdivision if to do so
 41 would endanger the interests of the holders of bonds described
 42 in subdivision (3).



- 1 (C) If:
- 2 (i) the amount of excess assessed value determined by the
- 3 commission is expected to generate more than two hundred
- 4 percent (200%) of the amount of allocated tax proceeds
- 5 necessary to make, when due, principal and interest
- 6 payments on bonds described in subdivision (3); plus
- 7 (ii) the amount necessary for other purposes described in
- 8 subdivision (3) and subsection (g);
- 9 the commission shall submit to the legislative body of the unit
- 10 the commission's determination of the excess assessed value
- 11 that the commission proposes to allocate to the respective
- 12 taxing units in the manner prescribed in subdivision (1). The
- 13 legislative body of the unit may approve the commission's
- 14 determination or modify the amount of the excess assessed
- 15 value that will be allocated to the respective taxing units in the
- 16 manner prescribed in subdivision (1).
- 17 (c) For the purpose of allocating taxes levied by or for any taxing
- 18 unit or units, the assessed value of taxable property in a territory in the
- 19 allocation area that is annexed by any taxing unit after the effective
- 20 date of the allocation provision of the resolution is the lesser of:
- 21 (1) the assessed value of the property for the assessment date with
- 22 respect to which the allocation and distribution is made; or
- 23 (2) the base assessed value.
- 24 (d) Property tax proceeds allocable to the redevelopment district
- 25 under subsection (b)(3) may, subject to subsection (b)(4), be
- 26 irrevocably pledged by the redevelopment district for payment as set
- 27 forth in subsection (b)(3).
- 28 (e) Notwithstanding any other law, each assessor shall, upon
- 29 petition of the commission, reassess the taxable property situated upon
- 30 or in, or added to, the allocation area, effective on the next assessment
- 31 date after the petition.
- 32 (f) Notwithstanding any other law, the assessed value of all taxable
- 33 property in the allocation area, for purposes of tax limitation, property
- 34 tax replacement, and formulation of the budget, tax rate, and tax levy
- 35 for each political subdivision in which the property is located is the
- 36 lesser of:
- 37 (1) the assessed value of the property as valued without regard to
- 38 this section; or
- 39 (2) the base assessed value.
- 40 (g) If any part of the allocation area is located in an enterprise zone
- 41 created under IC 5-28-15, the unit that designated the allocation area
- 42 shall create funds as specified in this subsection. A unit that has



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

18 (1) To pay for programs in job training, job enrichment, and basic
 19 skill development designed to benefit residents and employers in
 20 the enterprise zone. The programs must reserve at least one-half
 21 (1/2) of the enrollment in any session for residents of the
 22 enterprise zone.

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

27 (A) Businesses operating in the enterprise zone.

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

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

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



1 After each annual adjustment under IC 6-1.1-4-4.5, the department of
 2 local government finance shall adjust the base assessed value to
 3 neutralize any effect of the annual adjustment on the property tax
 4 proceeds allocated to the redevelopment district under this section.
 5 However, the adjustments under this subsection may not include the
 6 effect of property tax abatements under IC 6-1.1-12.1, and these
 7 adjustments may not produce less property tax proceeds allocable to
 8 the redevelopment district under subsection (b)(3) than would
 9 otherwise have been received if the reassessment under the
 10 reassessment plan or annual adjustment had not occurred. The
 11 department of local government finance may prescribe procedures for
 12 county and township officials to follow to assist the department in
 13 making the adjustments. **The department of local government
 14 finance may require the redevelopment commission to submit
 15 required documentation to neutralize the base assessed value. Any
 16 supporting documentation the redevelopment commission is
 17 required to submit to support the base assessed value
 18 neutralization calculation must be completed and submitted to the
 19 department of local government finance by July 15 of each year. If
 20 the redevelopment commission does not submit the required
 21 documentation under this subsection by the deadline described in
 22 this subsection in a given year, then five percent (5%) of the excess
 23 assessed value shall be allocated to the respective taxing units in
 24 the year the deadline described in this subsection is missed.**

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

27 (1) The initial allocation deadline is December 31, 2011.

28 (2) Subject to subdivision (3), the initial allocation deadline and
 29 subsequent allocation deadlines are automatically extended in
 30 increments of five (5) years, so that allocation deadlines
 31 subsequent to the initial allocation deadline fall on December 31,
 32 2016, and December 31 of each fifth year thereafter.

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

36 (A) terminates the automatic extension of allocation deadlines
 37 under subdivision (2); and

38 (B) specifically designates a particular date as the final
 39 allocation deadline.

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



1 under section 10(e) of this chapter after the first anniversary of the
 2 effective date of the allocation provision, the auditor of the county in
 3 which the unit is located shall compute the base assessed value for the
 4 allocation area using the assessment date immediately preceding the
 5 later of:

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

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

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

17 SECTION 14. IC 36-7-15.1-26, AS AMENDED BY P.L.68-2025,
 18 SECTION 235, IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE JULY 1, 2027]: Sec. 26.(a) As used in this section:

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

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

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

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

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

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

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



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



1 the percentage included must not exceed twenty-five percent (25%) of
2 the taxes imposed under IC 6-1.1 on all depreciable personal property.

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



- 1 (1) Except as otherwise provided in this section, the proceeds of
 2 the taxes attributable to the lesser of:
 3 (A) the assessed value of the property for the assessment date
 4 with respect to which the allocation and distribution is made;
 5 or
 6 (B) the base assessed value;
 7 shall be allocated to and, when collected, paid into the funds of
 8 the respective taxing units.
- 9 (2) The excess of the proceeds of the property taxes imposed for
 10 the assessment date with respect to which the allocation and
 11 distribution is made that are attributable to taxes imposed after
 12 being approved by the voters in a referendum or local public
 13 question conducted after April 30, 2010, not otherwise included
 14 in subdivision (1) shall be allocated to and, when collected, paid
 15 into the funds of the taxing unit for which the referendum or local
 16 public question was conducted.
- 17 (3) Except as otherwise provided in this section, property tax
 18 proceeds in excess of those described in subdivisions (1) and (2)
 19 shall be allocated to the redevelopment district and, when
 20 collected, paid into a special fund for that allocation area that may
 21 be used by the redevelopment district only to do one (1) or more
 22 of the following:
- 23 (A) Pay the principal of and interest on any obligations
 24 payable solely from allocated tax proceeds that are incurred by
 25 the redevelopment district for the purpose of financing or
 26 refinancing the redevelopment of that allocation area.
- 27 (B) Establish, augment, or restore the debt service reserve for
 28 bonds payable solely or in part from allocated tax proceeds in
 29 that allocation area.
- 30 (C) Pay the principal of and interest on bonds payable from
 31 allocated tax proceeds in that allocation area and from the
 32 special tax levied under section 19 of this chapter.
- 33 (D) Pay the principal of and interest on bonds issued by the
 34 consolidated city to pay for local public improvements that are
 35 physically located in or physically connected to that allocation
 36 area.
- 37 (E) Pay premiums on the redemption before maturity of bonds
 38 payable solely or in part from allocated tax proceeds in that
 39 allocation area.
- 40 (F) Make payments on leases payable from allocated tax
 41 proceeds in that allocation area under section 17.1 of this
 42 chapter.



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

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

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

12 (i) in the allocation area; and

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

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

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

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

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

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

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

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



- 1 The special fund may not be used for operating expenses of the
 2 commission.
 3 (4) Before June 15 of each year, the commission shall do the
 4 following:
 5 (A) Determine the amount, if any, by which the assessed value
 6 of the taxable property in the allocation area for the most
 7 recent assessment date minus the base assessed value, when
 8 multiplied by the estimated tax rate of the allocation area will
 9 exceed the amount of assessed value needed to provide the
 10 property taxes necessary to make, when due, principal and
 11 interest payments on bonds described in subdivision (3) plus
 12 the amount necessary for other purposes described in
 13 subdivision (3) and subsection (g).
 14 (B) Provide a written notice to the county auditor, the
 15 legislative body of the consolidated city, the officers who are
 16 authorized to fix budgets, tax rates, and tax levies under
 17 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 18 or partly located within the allocation area, and (in an
 19 electronic format) the department of local government finance.
 20 The notice must:
 21 (i) state the amount, if any, of excess assessed value that the
 22 commission has determined may be allocated to the
 23 respective taxing units in the manner prescribed in
 24 subdivision (1); or
 25 (ii) state that the commission has determined that there is no
 26 excess assessed value that may be allocated to the respective
 27 taxing units in the manner prescribed in subdivision (1).
 28 The county auditor shall allocate to the respective taxing units
 29 the amount, if any, of excess assessed value determined by the
 30 commission. The commission may not authorize an allocation
 31 to the respective taxing units under this subdivision if to do so
 32 would endanger the interests of the holders of bonds described
 33 in subdivision (3).
 34 (C) If:
 35 (i) the amount of excess assessed value determined by the
 36 commission is expected to generate more than two hundred
 37 percent (200%) of the amount of allocated tax proceeds
 38 necessary to make, when due, principal and interest
 39 payments on bonds described in subdivision (3); plus
 40 (ii) the amount necessary for other purposes described in
 41 subdivision (3) and subsection (g);



- 1 the commission shall submit to the legislative body of the unit
 2 the commission's determination of the excess assessed value
 3 that the commission proposes to allocate to the respective
 4 taxing units in the manner prescribed in subdivision (1). The
 5 legislative body of the unit may approve the commission's
 6 determination or modify the amount of the excess assessed
 7 value that will be allocated to the respective taxing units in the
 8 manner prescribed in subdivision (1).
- 9 (c) For the purpose of allocating taxes levied by or for any taxing
 10 unit or units, the assessed value of taxable property in a territory in the
 11 allocation area that is annexed by any taxing unit after the effective
 12 date of the allocation provision of the resolution is the lesser of:
 13 (1) the assessed value of the property for the assessment date with
 14 respect to which the allocation and distribution is made; or
 15 (2) the base assessed value.
- 16 (d) Property tax proceeds allocable to the redevelopment district
 17 under subsection (b)(3) may, subject to subsection (b)(4), be
 18 irrevocably pledged by the redevelopment district for payment as set
 19 forth in subsection (b)(3).
- 20 (e) Notwithstanding any other law, each assessor shall, upon
 21 petition of the commission, reassess the taxable property situated upon
 22 or in, or added to, the allocation area, effective on the next assessment
 23 date after the petition.
- 24 (f) Notwithstanding any other law, the assessed value of all taxable
 25 property in the allocation area, for purposes of tax limitation, property
 26 tax replacement, and formulation of the budget, tax rate, and tax levy
 27 for each political subdivision in which the property is located is the
 28 lesser of:
 29 (1) the assessed value of the property as valued without regard to
 30 this section; or
 31 (2) the base assessed value.
- 32 (g) If any part of the allocation area is located in an enterprise zone
 33 created under IC 5-28-15, the unit that designated the allocation area
 34 shall create funds as specified in this subsection. A unit that has
 35 obligations, bonds, or leases payable from allocated tax proceeds under
 36 subsection (b)(3) shall establish an allocation fund for the purposes
 37 specified in subsection (b)(3) and a special zone fund. Such a unit
 38 shall, until the end of the enterprise zone phase out period, deposit each
 39 year in the special zone fund the amount in the allocation fund derived
 40 from property tax proceeds in excess of those described in subsection
 41 (b)(1) and (b)(2) from property located in the enterprise zone that
 42 exceeds the amount sufficient for the purposes specified in subsection



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

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

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

19 (A) Businesses operating in the enterprise zone.

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

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

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



1 otherwise have been received if the reassessment under the
 2 reassessment plan or annual adjustment had not occurred. The
 3 department of local government finance may prescribe procedures for
 4 county and township officials to follow to assist the department in
 5 making the adjustments. **The department of local government
 6 finance may require the redevelopment commission to submit
 7 required documentation to neutralize the base assessed value. Any
 8 supporting documentation the redevelopment commission is
 9 required to submit to support the base assessed value
 10 neutralization calculation must be completed and submitted to the
 11 department of local government finance by July 15 of each year. If
 12 the redevelopment commission does not submit the required
 13 documentation under this subsection by the deadline described in
 14 this subsection in a given year, then five percent (5%) of the excess
 15 assessed value shall be allocated to the respective taxing units in
 16 the year the deadline described in this subsection is missed.**

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

19 (1) The initial allocation deadline is December 31, 2011.

20 (2) Subject to subdivision (3), the initial allocation deadline and
 21 subsequent allocation deadlines are automatically extended in
 22 increments of five (5) years, so that allocation deadlines
 23 subsequent to the initial allocation deadline fall on December 31,
 24 2016, and December 31 of each fifth year thereafter.

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

28 (A) terminates the automatic extension of allocation deadlines
 29 under subdivision (2); and

30 (B) specifically designates a particular date as the final
 31 allocation deadline.

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

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



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

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

10 SECTION 15. IC 36-7-15.1-26.6, AS ADDED BY P.L.249-2015,
 11 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2026]: Sec. 26.6. **(a)** The commission may enter into a written
 13 agreement with a taxpayer who owns, or is otherwise obligated to pay
 14 property taxes on, tangible property that is or will be located in an
 15 allocation area established under this chapter in which the taxpayer
 16 waives review of any assessment of the taxpayer's tangible property
 17 that is located in the allocation area for an assessment date that occurs
 18 during the term of any specified bond or lease obligations that are
 19 payable from property taxes in accordance with an allocation provision
 20 for the allocation area and any applicable statute, ordinance, or
 21 resolution. An agreement described in this section may precede the
 22 establishment of the allocation area or the determination to issue bonds
 23 or enter into leases payable from the allocated property taxes.

24 **(b) The original owner of each nonowner-occupied residential**
 25 **property subject to the two percent (2%) tax cap, that is located in**
 26 **the tax increment financing area and is excluded from the base**
 27 **assessed value, shall upon completion of construction enter into a**
 28 **written agreement with the redevelopment commission indicating**
 29 **the owner shall be obligated to pay the property tax for the portion**
 30 **of outstanding bonds in the tax increment financing district**
 31 **attributable to the property until the term length of the original**
 32 **outstanding bond is retired. The written agreement with the**
 33 **redevelopment commission shall be considered a lien on the**
 34 **property and shall be included as part of the residential real estate**
 35 **sales disclosure under IC 32-21-5. If the property is subsequently**
 36 **sold as a homestead property and becomes subject to the one**
 37 **percent (1%) tax cap, the new owner shall be responsible for the**
 38 **lien on the property attributable to the written agreement with the**
 39 **redevelopment commission, and the new homestead property**
 40 **owner shall be obligated to fulfill the terms of the written**
 41 **agreement including the payment of the property tax liability**
 42 **included in the agreement.**



1 SECTION 16. IC 36-7-15.1-26.8, AS ADDED BY P.L.123-2024,
 2 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2026]: Sec. 26.8. **(a)** Notwithstanding any other law, if the
 4 Indiana economic development corporation subsequently designates
 5 territory that is located in an existing allocation area under this chapter
 6 as an innovation development district under IC 36-7-32.5, the
 7 allocation area may not be renewed or extended under this chapter until
 8 the term of the innovation development district expires.

9 **(b) Notwithstanding any other law, for taxing districts that**
 10 **include multiple tax increment financing districts under this**
 11 **chapter, the original tax increment financing district does not**
 12 **expire and stays active only for the purpose of satisfying**
 13 **outstanding bonds issued by the subsequent tax increment**
 14 **financing district, only if the redevelopment commission completes**
 15 **the following requirements:**

16 **(1) Provides a written appeal to and receives the approval of**
 17 **the department of local government finance.**

18 **(2) Provides written notice to the state board of accounts of**
 19 **the appeal.**

20 SECTION 17. IC 36-7-15.1-53, AS AMENDED BY P.L.174-2022,
 21 SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2026]: Sec. 53. (a) As used in this section:

23 "Allocation area" means that part of a redevelopment project area
 24 to which an allocation provision of a resolution adopted under section
 25 40 of this chapter refers for purposes of distribution and allocation of
 26 property taxes.

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

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

32 (2) to the extent that it is not included in subdivision (1), the net
 33 assessed value of property that is assessed as residential property
 34 under the rules of the department of local government finance, as
 35 finally determined for the current assessment date.

36 Except as provided in section 55 of this chapter, "property taxes"
 37 means taxes imposed under IC 6-1.1 on real property.

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



1 provision by the amendment of that resolution on or before the
 2 allocation deadline determined under subsection (i) in accordance with
 3 the procedures required for its original adoption. A declaratory
 4 resolution or an amendment that establishes an allocation provision
 5 must be approved by resolution of the legislative body of the excluded
 6 city and must specify an expiration date for the allocation provision.
 7 For an allocation area established before July 1, 2008, the expiration
 8 date may not be more than thirty (30) years after the date on which the
 9 allocation provision is established. For an allocation area established
 10 after June 30, 2008, the expiration date may not be more than
 11 twenty-five (25) years after the date on which the first obligation was
 12 incurred to pay principal and interest on bonds or lease rentals on
 13 leases payable from tax increment revenues. However, with respect to
 14 bonds or other obligations that were issued before July 1, 2008, if any
 15 of the bonds or other obligations that were scheduled when issued to
 16 mature before the specified expiration date and that are payable only
 17 from allocated tax proceeds with respect to the allocation area remain
 18 outstanding as of the expiration date, the allocation provision does not
 19 expire until all of the bonds or other obligations are no longer
 20 outstanding. The allocation provision may apply to all or part of the
 21 redevelopment project area. The allocation provision must require that
 22 any property taxes subsequently levied by or for the benefit of any
 23 public body entitled to a distribution of property taxes on taxable
 24 property in the allocation 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 date
 28 with respect to which the allocation and distribution is made;
 29 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 local
 40 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 may
 3 be used by the redevelopment district only to do one (1) or more
 4 of the following:

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

9 (B) Establish, augment, or restore the debt service reserve for
 10 bonds payable solely or in part from allocated tax proceeds in
 11 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 50 of this chapter.

15 (D) Pay the principal of and interest on bonds issued by the
 16 excluded city to pay for local public improvements that are
 17 physically located in or physically connected to that allocation
 18 area.

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

22 (F) Make payments on leases payable from allocated tax
 23 proceeds in that allocation area under section 46 of this
 24 chapter.

25 (G) Reimburse the excluded city for expenditures for local
 26 public improvements (which include buildings, park facilities,
 27 and other items set forth in section 45 of this chapter) that are
 28 physically located in or physically connected to that allocation
 29 area.

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

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

36 (i) in the allocation area; and

37 (ii) on a parcel of real property that has been classified as
 38 industrial property under the rules of the department of local
 39 government finance.

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



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

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

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

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

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

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

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

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

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:



- 1 (1) the assessed value of the property for the assessment date with
 2 respect to which the allocation and distribution is made; or
 3 (2) the base assessed value.
- 4 (d) Property tax proceeds allocable to the redevelopment district
 5 under subsection (b)(3) may, subject to subsection (b)(4), be
 6 irrevocably pledged by the redevelopment district for payment as set
 7 forth in subsection (b)(3).
- 8 (e) Notwithstanding any other law, each assessor shall, upon
 9 petition of the commission, reassess the taxable property situated upon
 10 or in, or added to, the allocation area, effective on the next assessment
 11 date after the petition.
- 12 (f) Notwithstanding any other law, the assessed value of all taxable
 13 property in the allocation area, for purposes of tax limitation, property
 14 tax replacement, and formulation of the budget, tax rate, and tax levy
 15 for each political subdivision in which the property is located, is the
 16 lesser of:
- 17 (1) the assessed value of the property as valued without regard to
 18 this section; or
 19 (2) the base assessed value.
- 20 (g) If any part of the allocation area is located in an enterprise zone
 21 created under IC 5-28-15, the unit that designated the allocation area
 22 shall create funds as specified in this subsection. A unit that has
 23 obligations, bonds, or leases payable from allocated tax proceeds under
 24 subsection (b)(3) shall establish an allocation fund for the purposes
 25 specified in subsection (b)(3) and a special zone fund. Such a unit
 26 shall, until the end of the enterprise zone phase out period, deposit each
 27 year in the special zone fund the amount in the allocation fund derived
 28 from property tax proceeds in excess of those described in subsection
 29 (b)(1) and (b)(2) from property located in the enterprise zone that
 30 exceeds the amount sufficient for the purposes specified in subsection
 31 (b)(3) for the year. A unit that has no obligations, bonds, or leases
 32 payable from allocated tax proceeds under subsection (b)(3) shall
 33 establish a special zone fund and deposit all the property tax proceeds
 34 in excess of those described in subsection (b)(1) and (b)(2) in the fund
 35 derived from property tax proceeds in excess of those described in
 36 subsection (b)(1) and (b)(2) from property located in the enterprise
 37 zone. The unit that creates the special zone fund shall use the fund,
 38 based on the recommendations of the urban enterprise association, for
 39 one (1) or more of the following purposes:
- 40 (1) To pay for programs in job training, job enrichment, and basic
 41 skill development designed to benefit residents and employers in
 42 the enterprise zone. The programs must reserve at least one-half



- 1 (1/2) of the enrollment in any session for residents of the
 2 enterprise zone.
- 3 (2) To make loans and grants for the purpose of stimulating
 4 business activity in the enterprise zone or providing employment
 5 for enterprise zone residents in an enterprise zone. These loans
 6 and grants may be made to the following:
- 7 (A) Businesses operating in the enterprise zone.
- 8 (B) Businesses that will move their operations to the enterprise
 9 zone if such a loan or grant is made.
- 10 (3) To provide funds to carry out other purposes specified in
 11 subsection (b)(3). However, where reference is made in
 12 subsection (b)(3) to the allocation area, the reference refers, for
 13 purposes of payments from the special zone fund, only to that part
 14 of the allocation area that is also located in the enterprise zone.
- 15 (h) The state board of accounts and department of local government
 16 finance shall make the rules and prescribe the forms and procedures
 17 that they consider expedient for the implementation of this chapter.
 18 After each reassessment of real property in an area under a county's
 19 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
 20 local government finance shall adjust the base assessed value one (1)
 21 time to neutralize any effect of the reassessment of the real property in
 22 the area on the property tax proceeds allocated to the redevelopment
 23 district under this section. After each annual adjustment under
 24 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 25 the base assessed value to neutralize any effect of the annual
 26 adjustment on the property tax proceeds allocated to the redevelopment
 27 district under this section. However, the adjustments under this
 28 subsection may not include the effect of property tax abatements under
 29 IC 6-1.1-12.1, and these adjustments may not produce less property tax
 30 proceeds allocable to the redevelopment district under subsection
 31 (b)(3) than would otherwise have been received if the reassessment
 32 under the county's reassessment plan or annual adjustment had not
 33 occurred. The department of local government finance may prescribe
 34 procedures for county and township officials to follow to assist the
 35 department in making the adjustments. **The department of local
 36 government finance may require the redevelopment commission to
 37 submit required documentation to neutralize the base assessed
 38 value. Any supporting documentation the redevelopment
 39 commission is required to submit to support the base assessed
 40 value neutralization calculation must be completed and submitted
 41 to the department of local government finance by July 15 of each
 42 year. If the redevelopment commission does not submit the**



1 **required documentation under this subsection by the deadline**
 2 **described in this subsection in a given year, then five percent (5%)**
 3 **of the excess assessed value shall be allocated to the respective**
 4 **taxing units in the year the deadline described in this subsection is**
 5 **missed.**

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

8 (1) The initial allocation deadline is December 31, 2011.

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

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

17 (A) terminates the automatic extension of allocation deadlines
 18 under subdivision (2); and

19 (B) specifically designates a particular date as the final
 20 allocation deadline.

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

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

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

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

40 SECTION 18. IC 36-7-15.1-53, AS AMENDED BY P.L.68-2025,
 41 SECTION 236, IS AMENDED TO READ AS FOLLOWS
 42 [EFFECTIVE JULY 1, 2027]: Sec. 53. (a) As used in this section:



1 "Allocation area" means that part of a redevelopment project area
2 to which an allocation provision of a resolution adopted under section
3 40 of this chapter refers for purposes of distribution and allocation of
4 property taxes.

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

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

10 (2) to the extent that it is not included in subdivision (1), the net
11 assessed value of property that is assessed as residential property
12 under the rules of the department of local government finance, as
13 finally determined for the current assessment date.

14 Except as provided in section 55 of this chapter, "property taxes"
15 means taxes imposed under IC 6-1.1 on real property.

16 (b) A resolution adopted under section 40 of this chapter on or
17 before the allocation deadline determined under subsection (i) may
18 include a provision with respect to the allocation and distribution of
19 property taxes for the purposes and in the manner provided in this
20 section. A resolution previously adopted may include an allocation
21 provision by the amendment of that resolution on or before the
22 allocation deadline determined under subsection (i) in accordance with
23 the procedures required for its original adoption. A declaratory
24 resolution or an amendment that establishes an allocation provision
25 must be approved by resolution of the legislative body of the excluded
26 city and must specify an expiration date for the allocation provision.
27 For an allocation area established before July 1, 2008, the expiration
28 date may not be more than thirty (30) years after the date on which the
29 allocation provision is established. For an allocation area established
30 after June 30, 2008, the expiration date may not be more than
31 twenty-five (25) years after the date on which the first obligation was
32 incurred to pay principal and interest on bonds or lease rentals on
33 leases payable from tax increment revenues. However, with respect to
34 bonds or other obligations that were issued before July 1, 2008, if any
35 of the bonds or other obligations that were scheduled when issued to
36 mature before the specified expiration date and that are payable only
37 from allocated tax proceeds with respect to the allocation area remain
38 outstanding as of the expiration date, the allocation provision does not
39 expire until all of the bonds or other obligations are no longer
40 outstanding. The allocation provision may apply to all or part of the
41 redevelopment project area. The allocation provision must require that
42 any property taxes subsequently levied by or for the benefit of any



1 public body entitled to a distribution of property taxes on taxable
2 property in the allocation area be allocated and distributed as follows:

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

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

7 or

8 (B) the base assessed value;

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

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

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

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

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

32 (C) Pay the principal of and interest on bonds payable from
33 allocated tax proceeds in that allocation area and from the
34 special tax levied under section 50 of this chapter.

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

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



- 1 (F) Make payments on leases payable from allocated tax
 2 proceeds in that allocation area under section 46 of this
 3 chapter.
- 4 (G) Reimburse the excluded city for expenditures for local
 5 public improvements (which include buildings, park facilities,
 6 and other items set forth in section 45 of this chapter) that are
 7 physically located in or physically connected to that allocation
 8 area.
- 9 (H) Reimburse the unit for rentals paid by it for a building or
 10 parking facility that is physically located in or physically
 11 connected to that allocation area under any lease entered into
 12 under IC 36-1-10.
- 13 (I) Reimburse public and private entities for expenses incurred
 14 in training employees of industrial facilities that are located:
- 15 (i) in the allocation area; and
 16 (ii) on a parcel of real property that has been classified as
 17 industrial property under the rules of the department of local
 18 government finance.
- 19 However, the total amount of money spent for this purpose in
 20 any year may not exceed the total amount of money in the
 21 allocation fund that is attributable to property taxes paid by the
 22 industrial facilities described in this clause. The
 23 reimbursements under this clause must be made within three
 24 (3) years after the date on which the investments that are the
 25 basis for the increment financing are made.
- 26 The special fund may not be used for operating expenses of the
 27 commission.
- 28 (4) Before June 15 of each year, the commission shall do the
 29 following:
- 30 (A) Determine the amount, if any, by which the assessed value
 31 of the taxable property in the allocation area for the most
 32 recent assessment date minus the base assessed value, when
 33 multiplied by the estimated tax rate of the allocation area, will
 34 exceed the amount of assessed value needed to provide the
 35 property taxes necessary to make, when due, principal and
 36 interest payments on bonds described in subdivision (3) plus
 37 the amount necessary for other purposes described in
 38 subdivision (3) and subsection (g).
- 39 (B) Provide a written notice to the county auditor, the fiscal
 40 body of the county or municipality that established the
 41 department of redevelopment, the officers who are authorized
 42 to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for



1 each of the other taxing units that is wholly or partly located
 2 within the allocation area, and (in an electronic format) the
 3 department of local government finance. The notice must:

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

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

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

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

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

23 (2) the base assessed value.

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

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

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

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

39 (2) the base assessed value.

40 (g) If any part of the allocation area is located in an enterprise zone
 41 created under IC 5-28-15, the unit that designated the allocation area
 42 shall create funds as specified in this subsection. A unit that has



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

18 (1) To pay for programs in job training, job enrichment, and basic
 19 skill development designed to benefit residents and employers in
 20 the enterprise zone. The programs must reserve at least one-half
 21 (1/2) of the enrollment in any session for residents of the
 22 enterprise zone.

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

27 (A) Businesses operating in the enterprise zone.

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

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

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



1 district under this section. After each annual adjustment under
 2 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 3 the base assessed value to neutralize any effect of the annual
 4 adjustment on the property tax proceeds allocated to the redevelopment
 5 district under this section. However, the adjustments under this
 6 subsection may not include the effect of property tax abatements under
 7 IC 6-1.1-12.1, and these adjustments may not produce less property tax
 8 proceeds allocable to the redevelopment district under subsection
 9 (b)(3) than would otherwise have been received if the reassessment
 10 under the county's reassessment plan or annual adjustment had not
 11 occurred. The department of local government finance may prescribe
 12 procedures for county and township officials to follow to assist the
 13 department in making the adjustments. **The department of local
 14 government finance may require the redevelopment commission to
 15 submit required documentation to neutralize the base assessed
 16 value. Any supporting documentation the redevelopment
 17 commission is required to submit to support the base assessed
 18 value neutralization calculation must be completed and submitted
 19 to the department of local government finance by July 15 of each
 20 year. If the redevelopment commission does not submit the
 21 required documentation under this subsection by the deadline
 22 described in this subsection in a given year, then five percent (5%)
 23 of the excess assessed value shall be allocated to the respective
 24 taxing units in the year the deadline described in this subsection is
 25 missed.**

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

28 (1) The initial allocation deadline is December 31, 2011.

29 (2) Subject to subdivision (3), the initial allocation deadline and
 30 subsequent allocation deadlines are automatically extended in
 31 increments of five (5) years, so that allocation deadlines
 32 subsequent to the initial allocation deadline fall on December 31,
 33 2016, and December 31 of each fifth year thereafter.

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

37 (A) terminates the automatic extension of allocation deadlines
 38 under subdivision (2); and

39 (B) specifically designates a particular date as the final
 40 allocation deadline.

41 (j) If the commission adopts a declaratory resolution or an
 42 amendment to a declaratory resolution that contains an allocation



1 provision and the commission makes either of the filings required
 2 under section 10(e) of this chapter after the first anniversary of the
 3 effective date of the allocation provision, the auditor of the county in
 4 which the unit is located shall compute the base assessed value for the
 5 allocation area using the assessment date immediately preceding the
 6 later of:

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

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

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

18 SECTION 19. IC 36-7-30-25, AS AMENDED BY P.L.174-2022,
 19 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2026]: Sec. 25. (a) The following definitions apply throughout
 21 this section:

22 (1) "Allocation area" means that part of a military base reuse area
 23 to which an allocation provision of a declaratory resolution
 24 adopted under section 10 of this chapter refers for purposes of
 25 distribution and allocation of property taxes.

26 (2) "Base assessed value" means, subject to subsection (i):

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

31 (B) to the extent that it is not included in clause (A) or (C), the
 32 net assessed value of any and all parcels or classes of parcels
 33 identified as part of the base assessed value in the declaratory
 34 resolution or an amendment thereto, as finally determined for
 35 any subsequent assessment date; plus

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

41 Clause (C) applies only to allocation areas established in a
 42 military reuse area after June 30, 1997, and to the part of an



1 allocation area that was established before June 30, 1997, and that
2 is added to an existing allocation area after June 30, 1997.

3 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
4 property.

5 (b) A declaratory resolution adopted under section 10 of this chapter
6 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
7 resolutions adopted under IC 36-7-14-15 may include a provision with
8 respect to the allocation and distribution of property taxes for the
9 purposes and in the manner provided in this section. A declaratory
10 resolution previously adopted may include an allocation provision by
11 the amendment of that declaratory resolution in accordance with the
12 procedures set forth in section 13 of this chapter. The allocation
13 provision may apply to all or part of the military base reuse area. The
14 allocation provision must require that any property taxes subsequently
15 levied by or for the benefit of any public body entitled to a distribution
16 of property taxes on taxable property in the allocation area be allocated
17 and distributed as follows:

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

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

23 (B) the base assessed value;

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

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

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

40 (A) Pay the principal of and interest and redemption premium
41 on any obligations incurred by the military base reuse district
42 or any other entity for the purpose of financing or refinancing



- 1 military base reuse activities in or directly serving or
 2 benefiting that allocation area.
- 3 (B) Establish, augment, or restore the debt service reserve for
 4 bonds payable solely or in part from allocated tax proceeds in
 5 that allocation area or from other revenues of the reuse
 6 authority, including lease rental revenues.
- 7 (C) Make payments on leases payable solely or in part from
 8 allocated tax proceeds in that allocation area.
- 9 (D) Reimburse any other governmental body for expenditures
 10 made for local public improvements (or structures) in or
 11 directly serving or benefiting that allocation area.
- 12 (E) Pay expenses incurred by the reuse authority, any other
 13 department of the unit, or a department of another
 14 governmental entity for local public improvements or
 15 structures that are in the allocation area or directly serving or
 16 benefiting the allocation area, including expenses for the
 17 operation and maintenance of these local public improvements
 18 or structures if the reuse authority determines those operation
 19 and maintenance expenses are necessary or desirable to carry
 20 out the purposes of this chapter.
- 21 (F) Reimburse public and private entities for expenses
 22 incurred in training employees of industrial facilities that are
 23 located:
- 24 (i) in the allocation area; and
 25 (ii) on a parcel of real property that has been classified as
 26 industrial property under the rules of the department of local
 27 government finance.
- 28 However, the total amount of money spent for this purpose in
 29 any year may not exceed the total amount of money in the
 30 allocation fund that is attributable to property taxes paid by the
 31 industrial facilities described in this clause. The
 32 reimbursements under this clause must be made not more than
 33 three (3) years after the date on which the investments that are
 34 the basis for the increment financing are made.
- 35 (G) Expend money and provide financial assistance as
 36 authorized in section 9(a)(25) of this chapter.
- 37 Except as provided in clause (E), the allocation fund may not be
 38 used for operating expenses of the reuse authority.
- 39 (4) Except as provided in subsection (g), before July 15 of each
 40 year the reuse authority shall do the following:
- 41 (A) Determine the amount, if any, by which property taxes
 42 payable to the allocation fund in the following year will exceed



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

5 (B) Provide a written notice to the county auditor, the fiscal
 6 body of the unit that established the reuse authority, and the
 7 officers who are authorized to fix budgets, tax rates, and tax
 8 levies under IC 6-1.1-17-5 for each of the other taxing units
 9 that is wholly or partly located within the allocation area. The
 10 notice must:

- 11 (i) state the amount, if any, of excess property taxes that the
 12 reuse authority has determined may be paid to the respective
 13 taxing units in the manner prescribed in subdivision (1); or
 14 (ii) state that the reuse authority has determined that there
 15 are no excess property tax proceeds that may be allocated to
 16 the respective taxing units in the manner prescribed in
 17 subdivision (1).

18 The county auditor shall allocate to the respective taxing units
 19 the amount, if any, of excess property tax proceeds determined
 20 by the reuse authority. The reuse authority may not authorize
 21 a payment to the respective taxing units under this subdivision
 22 if to do so would endanger the interest of the holders of bonds
 23 described in subdivision (3) or lessors under section 19 of this
 24 chapter.

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

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

32 (d) Property tax proceeds allocable to the military base reuse district
 33 under subsection (b)(3) may, subject to subsection (b)(4), be
 34 irrevocably pledged by the military base reuse district for payment as
 35 set forth in subsection (b)(3).

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

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



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

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

5 (2) the base assessed value.

6 (g) If any part of the allocation area is located in an enterprise zone
7 created under IC 5-28-15, the unit that designated the allocation area
8 shall create funds as specified in this subsection. A unit that has
9 obligations, bonds, or leases payable from allocated tax proceeds under
10 subsection (b)(3) shall establish an allocation fund for the purposes
11 specified in subsection (b)(3) and a special zone fund. Such a unit
12 shall, until the end of the enterprise zone phase out period, deposit each
13 year in the special zone fund any amount in the allocation fund derived
14 from property tax proceeds in excess of those described in subsection
15 (b)(1) and (b)(2) from property located in the enterprise zone that
16 exceeds the amount sufficient for the purposes specified in subsection
17 (b)(3) for the year. The amount sufficient for purposes specified in
18 subsection (b)(3) for the year shall be determined based on the pro rata
19 part of such current property tax proceeds from the part of the
20 enterprise zone that is within the allocation area as compared to all
21 such current property tax proceeds derived from the allocation area. A
22 unit that does not have obligations, bonds, or leases payable from
23 allocated tax proceeds under subsection (b)(3) shall establish a special
24 zone fund and deposit all the property tax proceeds in excess of those
25 described in subsection (b)(1) and (b)(2) that are derived from property
26 in the enterprise zone in the fund. The unit that creates the special zone
27 fund shall use the fund (based on the recommendations of the urban
28 enterprise association) for programs in job training, job enrichment,
29 and basic skill development that are designed to benefit residents and
30 employers in the enterprise zone or other purposes specified in
31 subsection (b)(3), except that where reference is made in subsection
32 (b)(3) to allocation area it shall refer for purposes of payments from the
33 special zone fund only to that part of the allocation area that is also
34 located in the enterprise zone. The programs shall reserve at least
35 one-half (1/2) of their enrollment in any session for residents of the
36 enterprise zone.

37 (h) After each reassessment of real property in an area under the
38 county's reassessment plan under IC 6-1.1-4-4.2, the department of
39 local government finance shall adjust the base assessed value one (1)
40 time to neutralize any effect of the reassessment of the real property in
41 the area on the property tax proceeds allocated to the military base
42 reuse district under this section. After each annual adjustment under



1 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 2 the base assessed value to neutralize any effect of the annual
 3 adjustment on the property tax proceeds allocated to the military base
 4 reuse district under this section. However, the adjustments under this
 5 subsection may not include the effect of property tax abatements under
 6 IC 6-1.1-12.1, and these adjustments may not produce less property tax
 7 proceeds allocable to the military base reuse district under subsection
 8 (b)(3) than would otherwise have been received if the reassessment
 9 under the county's reassessment plan or annual adjustment had not
 10 occurred. The department of local government finance may prescribe
 11 procedures for county and township officials to follow to assist the
 12 department in making the adjustments. **The department of local
 13 government finance may require the reuse authority to submit
 14 required documentation to neutralize the base assessed value. Any
 15 supporting documentation the reuse authority is required to
 16 submit to support the base assessed value neutralization
 17 calculation must be completed and submitted to the department of
 18 local government finance by July 15 of each year. If the reuse
 19 authority does not submit the required documentation under this
 20 subsection by the deadline described in this subsection in a given
 21 year, then five percent (5%) of the excess assessed value shall be
 22 allocated to the respective taxing units in the year the deadline
 23 described in this subsection is missed.**

24 (i) If the reuse authority adopts a declaratory resolution or an
 25 amendment to a declaratory resolution that contains an allocation
 26 provision and the reuse authority makes either of the filings required
 27 under section 12(c) or 13(f) of this chapter after the first anniversary of
 28 the effective date of the allocation provision, the auditor of the county
 29 in which the military base reuse district is located shall compute the
 30 base assessed value for the allocation area using the assessment date
 31 immediately preceding the later of:

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

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



1 SECTION 20. IC 36-7-30-25, AS AMENDED BY P.L.68-2025,
 2 SECTION 237, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2027]: Sec. 25. (a) The following definitions
 4 apply throughout this section:

5 (1) "Allocation area" means that part of a military base reuse area
 6 to which an allocation provision of a declaratory resolution
 7 adopted under section 10 of this chapter refers for purposes of
 8 distribution and allocation of property taxes.

9 (2) "Base assessed value" means, subject to subsection (i):

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

14 (B) to the extent that it is not included in clause (A) or (C), the
 15 net assessed value of any and all parcels or classes of parcels
 16 identified as part of the base assessed value in the declaratory
 17 resolution or an amendment thereto, as finally determined for
 18 any subsequent assessment date; plus

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

24 Clause (C) applies only to allocation areas established in a
 25 military reuse area after June 30, 1997, and to the part of an
 26 allocation area that was established before June 30, 1997, and that
 27 is added to an existing allocation area after June 30, 1997.

28 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
 29 property.

30 (b) A declaratory resolution adopted under section 10 of this chapter
 31 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
 32 resolutions adopted under IC 36-7-14-15 may include a provision with
 33 respect to the allocation and distribution of property taxes for the
 34 purposes and in the manner provided in this section. A declaratory
 35 resolution previously adopted may include an allocation provision by
 36 the amendment of that declaratory resolution in accordance with the
 37 procedures set forth in section 13 of this chapter. The allocation
 38 provision may apply to all or part of the military base reuse area. The
 39 allocation provision must require that any property taxes subsequently
 40 levied by or for the benefit of any public body entitled to a distribution
 41 of property taxes on taxable property in the allocation area be allocated
 42 and distributed as follows:



- 1 (1) Except as otherwise provided in this section, the proceeds of
 2 the taxes attributable to the lesser of:
 3 (A) the assessed value of the property for the assessment date
 4 with respect to which the allocation and distribution is made;
 5 or
 6 (B) the base assessed value;
 7 shall be allocated to and, when collected, paid into the funds of
 8 the respective taxing units.
- 9 (2) The excess of the proceeds of the property taxes imposed for
 10 the assessment date with respect to which the allocation and
 11 distribution are made that are attributable to taxes imposed after
 12 being approved by the voters in a referendum or local public
 13 question conducted after April 30, 2010, not otherwise included
 14 in subdivision (1) shall be allocated to and, when collected, paid
 15 into the funds of the taxing unit for which the referendum or local
 16 public question was conducted.
- 17 (3) Except as otherwise provided in this section, property tax
 18 proceeds in excess of those described in subdivisions (1) and (2)
 19 shall be allocated to the military base reuse district and, when
 20 collected, paid into an allocation fund for that allocation area that
 21 may be used by the military base reuse district and only to do one
 22 (1) or more of the following:
 23 (A) Pay the principal of and interest and redemption premium
 24 on any obligations incurred by the military base reuse district
 25 or any other entity for the purpose of financing or refinancing
 26 military base reuse activities in or directly serving or
 27 benefiting that allocation area.
 28 (B) Establish, augment, or restore the debt service reserve for
 29 bonds payable solely or in part from allocated tax proceeds in
 30 that allocation area or from other revenues of the reuse
 31 authority, including lease rental revenues.
 32 (C) Make payments on leases payable solely or in part from
 33 allocated tax proceeds in that allocation area.
 34 (D) Reimburse any other governmental body for expenditures
 35 made for local public improvements (or structures) in or
 36 directly serving or benefiting that allocation area.
 37 (E) Pay expenses incurred by the reuse authority, any other
 38 department of the unit, or a department of another
 39 governmental entity for local public improvements or
 40 structures that are in the allocation area or directly serving or
 41 benefiting the allocation area, including expenses for the
 42 operation and maintenance of these local public improvements



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or structures if the reuse authority determines those operation and maintenance expenses are necessary or desirable to carry out the purposes of this chapter.

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

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

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

(G) Expend money and provide financial assistance as authorized in section 9(a)(25) of this chapter.

Except as provided in clause (E), the allocation fund may not be used for operating expenses of the reuse authority.

(4) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (3) plus the amount necessary for other purposes described in subdivision (3).

(B) Provide a written notice to the county auditor, the fiscal body of the unit that established the reuse authority, 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 notice must:

- (i) state the amount, if any, of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the reuse authority has determined that there are no excess property tax proceeds that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).



1 The county auditor shall allocate to the respective taxing units
 2 the amount, if any, of excess property tax proceeds determined
 3 by the reuse authority. The reuse authority may not authorize
 4 a payment to the respective taxing units under this subdivision
 5 if to do so would endanger the interest of the holders of bonds
 6 described in subdivision (3) or lessors under section 19 of this
 7 chapter.

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

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

15 (d) Property tax proceeds allocable to the military base reuse district
 16 under subsection (b)(3) may, subject to subsection (b)(4), be
 17 irrevocably pledged by the military base reuse district for payment as
 18 set forth in subsection (b)(3).

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

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

- 28 (1) the assessed value of the property as valued without regard to
 29 this section; or
 30 (2) the base assessed value.

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



1 subsection (b)(3) for the year shall be determined based on the pro rata
 2 part of such current property tax proceeds from the part of the
 3 enterprise zone that is within the allocation area as compared to all
 4 such current property tax proceeds derived from the allocation area. A
 5 unit that does not have obligations, bonds, or leases payable from
 6 allocated tax proceeds under subsection (b)(3) shall establish a special
 7 zone fund and deposit all the property tax proceeds in excess of those
 8 described in subsection (b)(1) and (b)(2) that are derived from property
 9 in the enterprise zone in the fund. The unit that creates the special zone
 10 fund shall use the fund (based on the recommendations of the urban
 11 enterprise association) for programs in job training, job enrichment,
 12 and basic skill development that are designed to benefit residents and
 13 employers in the enterprise zone or other purposes specified in
 14 subsection (b)(3), except that where reference is made in subsection
 15 (b)(3) to allocation area it shall refer for purposes of payments from the
 16 special zone fund only to that part of the allocation area that is also
 17 located in the enterprise zone. The programs shall reserve at least
 18 one-half (1/2) of their enrollment in any session for residents of the
 19 enterprise zone.

20 (h) After each reassessment of real property in an area under the
 21 county's reassessment plan under IC 6-1.1-4-4.2, the department of
 22 local government finance shall adjust the base assessed value one (1)
 23 time to neutralize any effect of the reassessment of the real property in
 24 the area on the property tax proceeds allocated to the military base
 25 reuse district under this section. After each annual adjustment under
 26 IC 6-1.1-4-4.5, the department of local government finance shall adjust
 27 the base assessed value to neutralize any effect of the annual
 28 adjustment on the property tax proceeds allocated to the military base
 29 reuse district under this section. However, the adjustments under this
 30 subsection may not include the effect of property tax abatements under
 31 IC 6-1.1-12.1, and these adjustments may not produce less property tax
 32 proceeds allocable to the military base reuse district under subsection
 33 (b)(3) than would otherwise have been received if the reassessment
 34 under the county's reassessment plan or annual adjustment had not
 35 occurred. The department of local government finance may prescribe
 36 procedures for county and township officials to follow to assist the
 37 department in making the adjustments. **The department of local
 38 government finance may require the reuse authority to submit
 39 required documentation to neutralize the base assessed value. Any
 40 supporting documentation the reuse authority is required to
 41 submit to support the base assessed value neutralization
 42 calculation must be completed and submitted to the department of**



1 **local government finance by July 15 of each year. If the reuse**
 2 **authority does not submit the required documentation under this**
 3 **subsection by the deadline described in this subsection in a given**
 4 **year, then five percent (5%) of the excess assessed value shall be**
 5 **allocated to the respective taxing units in the year the deadline**
 6 **described in this subsection is missed.**

7 (i) If the reuse authority adopts a declaratory resolution or an
 8 amendment to a declaratory resolution that contains an allocation
 9 provision and the reuse authority makes either of the filings required
 10 under section 12(c) or 13(f) of this chapter after the first anniversary of
 11 the effective date of the allocation provision, the auditor of the county
 12 in which the military base reuse district is located shall compute the
 13 base assessed value for the allocation area using the assessment date
 14 immediately preceding the later of:

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

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

26 SECTION 21. IC 36-7-30-25.2, AS ADDED BY P.L.123-2024,
 27 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2026]: Sec. 25.2. (a) Notwithstanding any other law, if the
 29 Indiana economic development corporation subsequently designates
 30 territory that is located in an existing allocation area under this chapter
 31 as an innovation development district under IC 36-7-32.5, the
 32 allocation area may not be renewed or extended under this chapter until
 33 the term of the innovation development district expires.

34 (b) **Notwithstanding any other law, for taxing districts that**
 35 **include multiple tax increment financing districts under this**
 36 **chapter, the original tax increment financing district does not**
 37 **expire and stays active only for the purpose of satisfying**
 38 **outstanding bonds issued by the subsequent tax increment**
 39 **financing district, only if the reuse authority completes the**
 40 **following requirements:**

- 41 (1) **Provides a written appeal to and receives the approval of**
 42 **the department of local government finance.**



1 **(2) Provides written notice to the state board of accounts of**
 2 **the appeal.**

3 SECTION 22. IC 36-7-30-26.5, AS ADDED BY P.L.249-2015,
 4 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 5 JULY 1, 2026]: Sec. 26.5. **(a)** A reuse authority may enter into a
 6 written agreement with a taxpayer who owns, or is otherwise obligated
 7 to pay property taxes on, tangible property that is or will be located in
 8 an allocation area established under this chapter in which the taxpayer
 9 waives review of any assessment of the taxpayer's tangible property
 10 that is located in the allocation area for an assessment date that occurs
 11 during the term of any specified bond or lease obligations that are
 12 payable from property taxes in accordance with an allocation provision
 13 for the allocation area and any applicable statute, ordinance, or
 14 resolution. An agreement described in this section may precede the
 15 establishment of the allocation area or the determination to issue bonds
 16 or enter into leases payable from the allocated property taxes.

17 **(b) The original owner of each nonowner-occupied residential**
 18 **property subject to the two percent (2%) tax cap, that is located in**
 19 **the tax increment financing area and is excluded from the base**
 20 **assessed value, shall upon completion of construction enter into a**
 21 **written agreement with the reuse authority indicating the owner**
 22 **shall be obligated to pay the property tax for the portion of**
 23 **outstanding bonds in the tax increment financing district**
 24 **attributable to the property until the term length of the original**
 25 **outstanding bond is retired. The written agreement with the reuse**
 26 **authority shall be considered a lien on the property and shall be**
 27 **included as part of the residential real estate sales disclosure under**
 28 **IC 32-21-5. If the property is subsequently sold as a homestead**
 29 **property and becomes subject to the one percent (1%) tax cap, the**
 30 **new owner shall be responsible for the lien on the property**
 31 **attributable to the written agreement with the reuse authority, and**
 32 **the new homestead property owner shall be obligated to fulfill the**
 33 **terms of the written agreement including the payment of the**
 34 **property tax liability included in the agreement.**

35 SECTION 23. IC 36-7-30.5-30, AS AMENDED BY P.L.174-2022,
 36 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2026]: Sec. 30. **(a)** The following definitions apply throughout
 38 this section:

39 **(1) "Allocation area" means that part of a military base**
 40 **development area to which an allocation provision of a**
 41 **declaratory resolution adopted under section 16 of this chapter**
 42 **refers for purposes of distribution and allocation of property taxes.**



- 1 (2) "Base assessed value" means, subject to subsection (i):
 2 (A) the net assessed value of all the property as finally
 3 determined for the assessment date immediately preceding the
 4 adoption date of the allocation provision of the declaratory
 5 resolution, as adjusted under subsection (h); plus
 6 (B) to the extent that it is not included in clause (A) or (C), the
 7 net assessed value of any and all parcels or classes of parcels
 8 identified as part of the base assessed value in the declaratory
 9 resolution or an amendment to the declaratory resolution, as
 10 finally determined for any subsequent assessment date; plus
 11 (C) to the extent that it is not included in clause (A) or (B), the
 12 net assessed value of property that is assessed as residential
 13 property under the rules of the department of local government
 14 finance, within the allocation area, as finally determined for
 15 the current assessment date.
- 16 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
 17 property.
- 18 (b) A declaratory resolution adopted under section 16 of this chapter
 19 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
 20 resolutions adopted under IC 36-7-14-15 may include a provision with
 21 respect to the allocation and distribution of property taxes for the
 22 purposes and in the manner provided in this section. A declaratory
 23 resolution previously adopted may include an allocation provision by
 24 the amendment of that declaratory resolution in accordance with the
 25 procedures set forth in section 18 of this chapter. The allocation
 26 provision may apply to all or part of the military base development
 27 area. The allocation provision must require that any property taxes
 28 subsequently levied by or for the benefit of any public body entitled to
 29 a distribution of property taxes on taxable property in the allocation
 30 area be allocated and distributed as follows:
- 31 (1) Except as otherwise provided in this section, the proceeds of
 32 the taxes attributable to the lesser of:
 33 (A) the assessed value of the property for the assessment date
 34 with respect to which the allocation and distribution is made;
 35 or
 36 (B) the base assessed value;
 37 shall be allocated to and, when collected, paid into the funds of
 38 the respective taxing units.
- 39 (2) The excess of the proceeds of the property taxes imposed for
 40 the assessment date with respect to which the allocation and
 41 distribution is made that are attributable to taxes imposed after
 42 being approved by the voters in a referendum or local public



1 question conducted after April 30, 2010, not otherwise included
 2 in subdivision (1) shall be allocated to and, when collected, paid
 3 into the funds of the taxing unit for which the referendum or local
 4 public question was conducted.

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

11 (A) Pay the principal of and interest and redemption premium
 12 on any obligations incurred by the development authority or
 13 any other entity for the purpose of financing or refinancing
 14 military base development or reuse activities in or directly
 15 serving or benefiting that allocation area.

16 (B) Establish, augment, or restore the debt service reserve for
 17 bonds payable solely or in part from allocated tax proceeds in
 18 that allocation area or from other revenues of the development
 19 authority, including lease rental revenues.

20 (C) Make payments on leases payable solely or in part from
 21 allocated tax proceeds in that allocation area.

22 (D) Reimburse any other governmental body for expenditures
 23 made for local public improvements (or structures) in or
 24 directly serving or benefiting that allocation area.

25 (E) For property taxes first due and payable before 2009, pay
 26 all or a part of a property tax replacement credit to taxpayers
 27 in an allocation area as determined by the development
 28 authority. This credit equals the amount determined under the
 29 following STEPS for each taxpayer in a taxing district (as
 30 defined in IC 6-1.1-1-20) that contains all or part of the
 31 allocation area:

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

37 STEP TWO: Divide:

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



- 1 (ii) the STEP ONE sum.
 2 STEP THREE: Multiply:
 3 (i) the STEP TWO quotient; by
 4 (ii) the total amount of the taxpayer's taxes (as defined in
 5 IC 6-1.1-21-2 (before its repeal)) levied in the taxing district
 6 that have been allocated during that year to an allocation
 7 fund under this section.
 8 If not all the taxpayers in an allocation area receive the credit
 9 in full, each taxpayer in the allocation area is entitled to
 10 receive the same proportion of the credit. A taxpayer may not
 11 receive a credit under this section and a credit under section
 12 32 of this chapter (before its repeal) in the same year.
 13 (F) Pay expenses incurred by the development authority for
 14 local public improvements or structures that were in the
 15 allocation area or directly serving or benefiting the allocation
 16 area.
 17 (G) Reimburse public and private entities for expenses
 18 incurred in training employees of industrial facilities that are
 19 located:
 20 (i) in the allocation area; and
 21 (ii) on a parcel of real property that has been classified as
 22 industrial property under the rules of the department of local
 23 government finance.
 24 However, the total amount of money spent for this purpose in
 25 any year may not exceed the total amount of money in the
 26 allocation fund that is attributable to property taxes paid by the
 27 industrial facilities described in this clause. The
 28 reimbursements under this clause must be made not more than
 29 three (3) years after the date on which the investments that are
 30 the basis for the increment financing are made.
 31 (H) Expend money and provide financial assistance as
 32 authorized in section 15(26) of this chapter.
 33 The allocation fund may not be used for operating expenses of the
 34 development authority.
 35 (4) Except as provided in subsection (g), before July 15 of each
 36 year the development authority shall do the following:
 37 (A) Determine the amount, if any, by which property taxes
 38 payable to the allocation fund in the following year will exceed
 39 the amount of property taxes necessary to make, when due,
 40 principal and interest payments on bonds described in
 41 subdivision (3) plus the amount necessary for other purposes
 42 described in subdivisions (2) and (3).



1 (B) Provide a written notice to the appropriate county auditors
 2 and the fiscal bodies and other officers who are authorized to
 3 fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
 4 each of the other taxing units that is wholly or partly located
 5 within the allocation area. The notice must:

6 (i) state the amount, if any, of the excess property taxes that
 7 the development authority has determined may be paid to
 8 the respective taxing units in the manner prescribed in
 9 subdivision (1); or

10 (ii) state that the development authority has determined that
 11 there 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 auditors shall allocate to the respective taxing units
 15 the amount, if any, of excess assessed value determined by the
 16 development authority. The development authority may not
 17 authorize a payment to the respective taxing units under this
 18 subdivision if to do so would endanger the interest of the
 19 holders of bonds described in subdivision (3) or lessors under
 20 section 24 of this chapter. Property taxes received by a taxing
 21 unit under this subdivision before 2009 are eligible for the
 22 property tax replacement credit provided under IC 6-1.1-21
 23 (before its repeal).

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

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

30 (2) the base assessed value.

31 (d) Property tax proceeds allocable to the military base development
 32 district under subsection (b)(3) may, subject to subsection (b)(4), be
 33 irrevocably pledged by the military base development district for
 34 payment as set forth in subsection (b)(3).

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

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



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

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

5 (2) the base assessed value.

6 (g) If any part of the allocation area is located in an enterprise zone
7 created under IC 5-28-15, the development authority shall create funds
8 as specified in this subsection. A development authority that has
9 obligations, bonds, or leases payable from allocated tax proceeds under
10 subsection (b)(3) shall establish an allocation fund for the purposes
11 specified in subsection (b)(3) and a special zone fund. The
12 development authority shall, until the end of the enterprise zone phase
13 out period, deposit each year in the special zone fund any amount in the
14 allocation fund derived from property tax proceeds in excess of those
15 described in subsection (b)(1) and (b)(2) from property located in the
16 enterprise zone that exceeds the amount sufficient for the purposes
17 specified in subsection (b)(3) for the year. The amount sufficient for
18 purposes specified in subsection (b)(3) for the year shall be determined
19 based on the pro rata part of such current property tax proceeds from
20 the part of the enterprise zone that is within the allocation area as
21 compared to all such current property tax proceeds derived from the
22 allocation area. A development authority that does not have
23 obligations, bonds, or leases payable from allocated tax proceeds under
24 subsection (b)(3) shall establish a special zone fund and deposit all the
25 property tax proceeds in excess of those described in subsection (b)(1)
26 and (b)(2) that are derived from property in the enterprise zone in the
27 fund. The development authority that creates the special zone fund
28 shall use the fund (based on the recommendations of the urban
29 enterprise association) for programs in job training, job enrichment,
30 and basic skill development that are designed to benefit residents and
31 employers in the enterprise zone or for other purposes specified in
32 subsection (b)(3), except that where reference is made in subsection
33 (b)(3) to an allocation area it shall refer for purposes of payments from
34 the special zone fund only to that part of the allocation area that is also
35 located in the enterprise zone. The programs shall reserve at least
36 one-half (1/2) of their enrollment in any session for residents of the
37 enterprise zone.

38 (h) After each reassessment of real property in an area under a
39 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
40 local government finance shall adjust the base assessed value one (1)
41 time to neutralize any effect of the reassessment of the real property in
42 the area on the property tax proceeds allocated to the military base



1 development district under this section. After each annual adjustment
 2 under IC 6-1.1-4-4.5, the department of local government finance shall
 3 adjust the base assessed value to neutralize any effect of the annual
 4 adjustment on the property tax proceeds allocated to the military base
 5 development district under this section. However, the adjustments
 6 under this subsection may not include the effect of property tax
 7 abatements under IC 6-1.1-12.1, and these adjustments may not
 8 produce less property tax proceeds allocable to the military base
 9 development district under subsection (b)(3) than would otherwise
 10 have been received if the reassessment under the county's reassessment
 11 plan or annual adjustment had not occurred. The department of local
 12 government finance may prescribe procedures for county and township
 13 officials to follow to assist the department in making the adjustments.
 14 **The department of local government finance may require the**
 15 **development authority to submit required documentation to**
 16 **neutralize the base assessed value. Any supporting documentation**
 17 **the development authority is required to submit to support the**
 18 **base assessed value neutralization calculation must be completed**
 19 **and submitted to the department of local government finance by**
 20 **July 15 of each year. If the development authority does not submit**
 21 **the required documentation under this subsection by the deadline**
 22 **described in this subsection in a given year, then five percent (5%)**
 23 **of the excess assessed value shall be allocated to the respective**
 24 **taxing units in the year the deadline described in this subsection is**
 25 **missed.**

26 (i) If the development authority adopts a declaratory resolution or
 27 an amendment to a declaratory resolution that contains an allocation
 28 provision and the development authority makes either of the filings
 29 required under section 17(e) or 18(f) of this chapter after the first
 30 anniversary of the effective date of the allocation provision, the auditor
 31 of the county in which the military base development district is located
 32 shall compute the base assessed value for the allocation area using the
 33 assessment date immediately preceding the later of:

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

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



1 rate for the local income tax property tax relief credit designated for
2 residential property under IC 6-3.6-5-6(d)(3):

3 SECTION 24. IC 36-7-30.5-30, AS AMENDED BY P.L.68-2025,
4 SECTION 238, IS AMENDED TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2027]: Sec. 30. (a) The following definitions
6 apply throughout this section:

7 (1) "Allocation area" means that part of a military base
8 development area to which an allocation provision of a
9 declaratory resolution adopted under section 16 of this chapter
10 refers for purposes of distribution and allocation of property taxes.

11 (2) "Base assessed value" means, subject to subsection (i):

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

16 (B) to the extent that it is not included in clause (A) or (C), the
17 net assessed value of any and all parcels or classes of parcels
18 identified as part of the base assessed value in the declaratory
19 resolution or an amendment to the declaratory resolution, as
20 finally determined for any subsequent assessment date; plus
21 (C) to the extent that it is not included in clause (A) or (B), the
22 net assessed value of property that is assessed as residential
23 property under the rules of the department of local government
24 finance, within the allocation area, as finally determined for
25 the current assessment date.

26 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
27 property.

28 (b) A declaratory resolution adopted under section 16 of this chapter
29 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
30 resolutions adopted under IC 36-7-14-15 may include a provision with
31 respect to the allocation and distribution of property taxes for the
32 purposes and in the manner provided in this section. A declaratory
33 resolution previously adopted may include an allocation provision by
34 the amendment of that declaratory resolution in accordance with the
35 procedures set forth in section 18 of this chapter. The allocation
36 provision may apply to all or part of the military base development
37 area. The allocation provision must require that any property taxes
38 subsequently levied by or for the benefit of any public body entitled to
39 a distribution of property taxes on taxable property in the allocation
40 area be allocated and distributed as follows:

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



- 1 (A) the assessed value of the property for the assessment date
 2 with respect to which the allocation and distribution is made;
 3 or
 4 (B) the base assessed value;
 5 shall be allocated to and, when collected, paid into the funds of
 6 the respective taxing units.
- 7 (2) The excess of the proceeds of the property taxes imposed for
 8 the assessment date with respect to which the allocation and
 9 distribution is made that are attributable to taxes imposed after
 10 being approved by the voters in a referendum or local public
 11 question conducted after April 30, 2010, not otherwise included
 12 in subdivision (1) shall be allocated to and, when collected, paid
 13 into the funds of the taxing unit for which the referendum or local
 14 public question was conducted.
- 15 (3) Except as otherwise provided in this section, property tax
 16 proceeds in excess of those described in subdivisions (1) and (2)
 17 shall be allocated to the development authority and, when
 18 collected, paid into an allocation fund for that allocation area that
 19 may be used by the development authority and only to do one (1)
 20 or more of the following:
- 21 (A) Pay the principal of and interest and redemption premium
 22 on any obligations incurred by the development authority or
 23 any other entity for the purpose of financing or refinancing
 24 military base development or reuse activities in or directly
 25 serving or benefiting that allocation area.
- 26 (B) Establish, augment, or restore the debt service reserve for
 27 bonds payable solely or in part from allocated tax proceeds in
 28 that allocation area or from other revenues of the development
 29 authority, including lease rental revenues.
- 30 (C) Make payments on leases payable solely or in part from
 31 allocated tax proceeds in that allocation area.
- 32 (D) Reimburse any other governmental body for expenditures
 33 made for local public improvements (or structures) in or
 34 directly serving or benefiting that allocation area.
- 35 (E) For property taxes first due and payable before 2009, pay
 36 all or a part of a property tax replacement credit to taxpayers
 37 in an allocation area as determined by the development
 38 authority. This credit equals the amount determined under the
 39 following STEPS for each taxpayer in a taxing district (as
 40 defined in IC 6-1.1-1-20) that contains all or part of the
 41 allocation area:



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

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

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

19 If not all the taxpayers in an allocation area receive the credit
 20 in full, each taxpayer in the allocation area is entitled to
 21 receive the same proportion of the credit. A taxpayer may not
 22 receive a credit under this section and a credit under section
 23 32 of this chapter (before its repeal) in the same year.

24 (F) Pay expenses incurred by the development authority for
 25 local public improvements or structures that were in the
 26 allocation area or directly serving or benefiting the allocation
 27 area.

28 (G) Reimburse public and private entities for expenses
 29 incurred in training employees of industrial facilities that are
 30 located:

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

35 However, the total amount of money spent for this purpose in
 36 any year may not exceed the total amount of money in the
 37 allocation fund that is attributable to property taxes paid by the
 38 industrial facilities described in this clause. The
 39 reimbursements under this clause must be made not more than
 40 three (3) years after the date on which the investments that are
 41 the basis for the increment financing are made.



- 1 (H) Expend money and provide financial assistance as
 2 authorized in section 15(26) of this chapter.
 3 The allocation fund may not be used for operating expenses of the
 4 development authority.
- 5 (4) Except as provided in subsection (g), before July 15 of each
 6 year the development authority shall do the following:
- 7 (A) Determine the amount, if any, by which property taxes
 8 payable to the allocation fund in the following year will exceed
 9 the amount of property taxes necessary to make, when due,
 10 principal and interest payments on bonds described in
 11 subdivision (3) plus the amount necessary for other purposes
 12 described in subdivisions (2) and (3).
- 13 (B) Provide a written notice to the appropriate county auditors
 14 and the fiscal bodies and other officers who are authorized to
 15 fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for
 16 each of the other taxing units that is wholly or partly located
 17 within the allocation area. The notice must:
- 18 (i) state the amount, if any, of the excess property taxes that
 19 the development authority has determined may be paid to
 20 the respective taxing units in the manner prescribed in
 21 subdivision (1); or
- 22 (ii) state that the development authority has determined that
 23 there is no excess assessed value that may be allocated to the
 24 respective taxing units in the manner prescribed in
 25 subdivision (1).
- 26 The county auditors shall allocate to the respective taxing units
 27 the amount, if any, of excess assessed value determined by the
 28 development authority. The development authority may not
 29 authorize a payment to the respective taxing units under this
 30 subdivision if to do so would endanger the interest of the
 31 holders of bonds described in subdivision (3) or lessors under
 32 section 24 of this chapter. Property taxes received by a taxing
 33 unit under this subdivision before 2009 are eligible for the
 34 property tax replacement credit provided under IC 6-1.1-21
 35 (before its repeal).
- 36 (c) For the purpose of allocating taxes levied by or for any taxing
 37 unit or units, the assessed value of taxable property in a territory in the
 38 allocation area that is annexed by a taxing unit after the effective date
 39 of the allocation provision of the declaratory resolution is the lesser of:
- 40 (1) the assessed value of the property for the assessment date with
 41 respect to which the allocation and distribution is made; or
 42 (2) the base assessed value.



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

5 (e) Notwithstanding any other law, each assessor shall, upon
6 petition of the development authority, reassess the taxable property
7 situated upon or in or added to the allocation area, effective on the next
8 assessment date after the petition.

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

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

16 (2) the base assessed value.

17 (g) If any part of the allocation area is located in an enterprise zone
18 created under IC 5-28-15, the development authority shall create funds
19 as specified in this subsection. A development authority that has
20 obligations, bonds, or leases payable from allocated tax proceeds under
21 subsection (b)(3) shall establish an allocation fund for the purposes
22 specified in subsection (b)(3) and a special zone fund. The
23 development authority shall, until the end of the enterprise zone phase
24 out period, deposit each year in the special zone fund any amount in the
25 allocation fund derived from property tax proceeds in excess of those
26 described in subsection (b)(1) and (b)(2) from property located in the
27 enterprise zone that exceeds the amount sufficient for the purposes
28 specified in subsection (b)(3) for the year. The amount sufficient for
29 purposes specified in subsection (b)(3) for the year shall be determined
30 based on the pro rata part of such current property tax proceeds from
31 the part of the enterprise zone that is within the allocation area as
32 compared to all such current property tax proceeds derived from the
33 allocation area. A development authority that does not have
34 obligations, bonds, or leases payable from allocated tax proceeds under
35 subsection (b)(3) shall establish a special zone fund and deposit all the
36 property tax proceeds in excess of those described in subsection (b)(1)
37 and (b)(2) that are derived from property in the enterprise zone in the
38 fund. The development authority that creates the special zone fund
39 shall use the fund (based on the recommendations of the urban
40 enterprise association) for programs in job training, job enrichment,
41 and basic skill development that are designed to benefit residents and
42 employers in the enterprise zone or for other purposes specified in



1 subsection (b)(3), except that where reference is made in subsection
2 (b)(3) to an allocation area it shall refer for purposes of payments from
3 the special zone fund only to that part of the allocation area that is also
4 located in the enterprise zone. The programs shall reserve at least
5 one-half (1/2) of their enrollment in any session for residents of the
6 enterprise zone.

7 (h) After each reassessment of real property in an area under a
8 reassessment plan prepared under IC 6-1.1-4-4.2, the department of
9 local government finance shall adjust the base assessed value one (1)
10 time to neutralize any effect of the reassessment of the real property in
11 the area on the property tax proceeds allocated to the military base
12 development district under this section. After each annual adjustment
13 under IC 6-1.1-4-4.5, the department of local government finance shall
14 adjust the base assessed value to neutralize any effect of the annual
15 adjustment on the property tax proceeds allocated to the military base
16 development district under this section. However, the adjustments
17 under this subsection may not include the effect of property tax
18 abatements under IC 6-1.1-12.1, and these adjustments may not
19 produce less property tax proceeds allocable to the military base
20 development district under subsection (b)(3) than would otherwise
21 have been received if the reassessment under the county's reassessment
22 plan or annual adjustment had not occurred. The department of local
23 government finance may prescribe procedures for county and township
24 officials to follow to assist the department in making the adjustments.
25 **The department of local government finance may require the**
26 **development authority to submit required documentation to**
27 **neutralize the base assessed value. Any supporting documentation**
28 **the development authority is required to submit to support the**
29 **base assessed value neutralization calculation must be completed**
30 **and submitted to the department of local government finance by**
31 **July 15 of each year. If the development authority does not submit**
32 **the required documentation under this subsection by the deadline**
33 **described in this subsection in a given year, then five percent (5%)**
34 **of the excess assessed value shall be allocated to the respective**
35 **taxing units in the year the deadline described in this subsection is**
36 **missed.**

37 (i) If the development authority adopts a declaratory resolution or
38 an amendment to a declaratory resolution that contains an allocation
39 provision and the development authority makes either of the filings
40 required under section 17(e) or 18(f) of this chapter after the first
41 anniversary of the effective date of the allocation provision, the auditor
42 of the county in which the military base development district is located



1 shall compute the base assessed value for the allocation area using the
2 assessment date immediately preceding the later of:

- 3 (1) the date on which the documents are filed with the county
4 auditor; or
5 (2) the date on which the documents are filed with the department
6 of local government finance.

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

14 SECTION 25. IC 36-7-30.5-30.3, AS ADDED BY P.L.123-2024,
15 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2026]: Sec. 30.3. **(a)** Notwithstanding any other law, if the
17 Indiana economic development corporation subsequently designates
18 territory that is located in an existing allocation area under this chapter
19 as an innovation development district under IC 36-7-32.5, the
20 allocation area may not be renewed or extended under this chapter until
21 the term of the innovation development district expires.

22 **(b) Notwithstanding any other law, for taxing districts that**
23 **include multiple tax increment financing districts under this**
24 **chapter, the original tax increment financing district does not**
25 **expire and stays active only for the purpose of satisfying**
26 **outstanding bonds issued by the subsequent tax increment**
27 **financing district, only if the development authority completes the**
28 **following requirements:**

- 29 **(1) Provides a written appeal to and receives the approval of**
30 **the department of local government finance.**
31 **(2) Provides written notice to the state board of accounts of**
32 **the appeal.**

33 SECTION 26. IC 36-7-30.5-31.5, AS ADDED BY P.L.249-2015,
34 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2026]: Sec. 31.5. **(a)** The development authority may enter
36 into a written agreement with a taxpayer who owns, or is otherwise
37 obligated to pay property taxes on, tangible property that is or will be
38 located in an allocation area established under this chapter in which the
39 taxpayer waives review of any assessment of the taxpayer's tangible
40 property that is located in the allocation area for an assessment date
41 that occurs during the term of any specified bond or lease obligations
42 that are payable from property taxes in accordance with an allocation



1 provision for the allocation area and any applicable statute, ordinance,
2 or resolution. An agreement described in this section may precede the
3 establishment of the allocation area or the determination to issue bonds
4 or enter into leases payable from the allocated property taxes.

5 **(b) The original owner of each nonowner-occupied residential**
6 **property subject to the two percent (2%) tax cap, that is located in**
7 **the tax increment financing area and is excluded from the base**
8 **assessed value, shall upon completion of construction enter into a**
9 **written agreement with the development authority indicating the**
10 **owner shall be obligated to pay the property tax for the portion of**
11 **outstanding bonds in the tax increment financing district**
12 **attributable to the property until the term length of the original**
13 **outstanding bond is retired. The written agreement with the**
14 **development authority shall be considered a lien on the property**
15 **and shall be included as part of the residential real estate sales**
16 **disclosure under IC 32-21-5. If the property is subsequently sold as**
17 **a homestead property and becomes subject to the one percent (1%)**
18 **tax cap, the new owner shall be responsible for the lien on the**
19 **property attributable to the written agreement with the**
20 **development authority, and the new homestead property owner**
21 **shall be obligated to fulfill the terms of the written agreement**
22 **including the payment of the property tax liability included in the**
23 **agreement.**

