

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



assessment.

A written notice under this section must be made on a form designated by the department of local government finance. A taxpayer must file a separate petition for each parcel.

(b) A taxpayer may appeal an error in the assessed value of the property under subsection (a)(1) any time after the official's action, but not later than the following:

(1) For assessments before January 1, 2019, the earlier of:

(A) forty-five (45) days after the date on which the notice of assessment is mailed by the county; or

(B) forty-five (45) days after the date on which the tax statement is mailed by the county treasurer, regardless of whether the assessing official changes the taxpayer's assessment.

(2) For assessments of real property, after December 31, 2018, the earlier of:

(A) June 15 of the assessment year, if the notice of assessment is mailed by the county before May 1 of the assessment year; or

(B) June 15 of the year in which the tax statement is mailed by the county treasurer, if the notice of assessment is mailed by the county on or after May 1 of the assessment year.

(3) For assessments of personal property, forty-five (45) days after the date on which the county mails the notice under IC 6-1.1-3-20.

A taxpayer may appeal an error in the assessment under subsection (a)(2), (a)(3), (a)(4), (a)(5), or (a)(6) not later than three (3) years after the taxes were first due.

(c) Except as provided in subsection (d), an appeal under this section applies only to the tax year corresponding to the tax statement or other notice of action.

(d) An appeal under this section applies to a prior tax year if a county official took action regarding a prior tax year, and such action is reflected for the first time in the tax statement. A taxpayer who has timely filed a written notice of appeal under this section may be required to file a petition for each tax year, and each petition filed later must be considered timely.

(e) A taxpayer may not appeal under this section any claim of error related to the following:

(1) The denial of a deduction, exemption, abatement, or credit if the authority to approve or deny is not vested in the county board, county auditor, county assessor, or township assessor.



(2) The calculation of interest and penalties.

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

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

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

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

(1) the county board; and

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

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

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

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

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

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

(j) 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 sixty (60) days of the request.

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



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

(1) the adopting body; or

(2) any city, town, or county;

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

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

(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.

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

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



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

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

(c) The allocation provision must:

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

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

(d) Except as otherwise provided in this section:

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

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

(B) the base assessed value;

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

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

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

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

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



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

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

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

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

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

(2) Provide a written notice to the county auditor 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:

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

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

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

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



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

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

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

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

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

(2) the base assessed value.

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

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

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

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

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



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

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

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

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

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

(c) The allocation provision must:

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

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

(d) Except as otherwise provided in this section:

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

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

(B) the base assessed value;

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

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



public question was conducted.

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

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

(2) The commission may determine that a portion of tax proceeds shall be allocated to a debt service fund and dedicated to the payment of principal and interest on revenue bonds or a loan contract of the board of aviation commissioners or airport authority for a qualified airport development project, to the payment of leases for a qualified airport development project, or to the payment of principal and interest on bonds issued by an eligible entity to pay for qualified airport development projects in the airport development zone or serving the airport development zone.

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

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

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

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

(2) Provide a written notice to the county auditor 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:



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

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

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

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

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

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

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

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



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

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

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

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

(b) Notwithstanding any other law, for taxing districts that include multiple tax increment financing districts under this chapter, 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 commission completes the following requirements:

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

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

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



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

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

(6) A disclosure by the owner that:

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

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

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

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

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

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

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

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

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

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

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

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

(1) invalidate the transfer of the property; or



(2) create any encumbrance or lien upon any legal or equitable title to the property.

SECTION 10. IC 36-7-14-39, AS AMENDED BY P.L.181-2025, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 39. (a) As used in this section:

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

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

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

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

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

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

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

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

(3) If:

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

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



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

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

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

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

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

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



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

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

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

(B) the base assessed value;

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

(2) This subdivision applies to a fire protection territory 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



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

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

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

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

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

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

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

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

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

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

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



taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

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

STEP TWO: Divide:

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

(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

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

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

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

(K) 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 within three



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

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

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

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

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

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

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

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

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

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

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, and the officers who are authorized to fix budgets, tax rates, and tax levies under



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

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

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

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

(C) If:

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

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

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

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



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;



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

Assessed value increases attributable to the application of an abatement schedule under IC 6-1.1-12.1 may not be included in the base assessed value of an allocation area. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments. **The department of local government finance may require the redevelopment commission 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 department of local government finance by July 15 of each year. If the redevelopment commission does not submit the required documentation under this subsection by the deadline described in this subsection in a given year, then five percent (5%) of the excess assessed value shall be allocated to the respective taxing units in the year the deadline described in this subsection is missed.**

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

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

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

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

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

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

(j) If a redevelopment commission adopts a declaratory resolution 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



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

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

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

(B) the base assessed value;

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

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

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

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

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

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

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



physically located in or physically connected to that allocation area.

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

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

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

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

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

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

(i) Make, when due, any payments required under clauses (A) through (I), including any payments of principal and interest on bonds and other obligations payable under this subdivision, any payments of premiums under this



subdivision on the redemption before maturity of bonds, and any payments on leases payable under this subdivision.

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

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

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

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

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

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

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

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

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

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



(C) If:

(i) the amount of excess assessed value determined by the commission is expected to generate more than two hundred percent (200%) of the amount of allocated tax proceeds necessary to make, when due, principal and interest payments on bonds described in subdivision (3); plus

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

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

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

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

(2) the base assessed value.

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

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

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

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

(2) the base assessed value.

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



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

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

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

(A) Businesses operating in the enterprise zone.

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

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

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



After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the reassessment under the reassessment plan or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments. **The department of local government finance may require the redevelopment commission 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 department of local government finance by July 15 of each year. If the redevelopment commission does not submit the required documentation under this subsection by the deadline described in this subsection in a given year, then five percent (5%) of the excess assessed value shall be allocated to the respective taxing units in the year the deadline described in this subsection is missed.**

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



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

(3) If:

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

(ii) Make any reimbursements required under this subdivision.

(iii) Pay any expenses required under this subdivision.

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

(K) Expend money and provide financial assistance as 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);



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

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

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

(2) the base assessed value.

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

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

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

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

(2) the base assessed value.

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



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

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

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

(A) Businesses operating in the enterprise zone.

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

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

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



otherwise have been received if the reassessment under the reassessment plan or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments. **The department of local government finance may require the redevelopment commission 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 department of local government finance by July 15 of each year. If the redevelopment commission does not submit the required documentation under this subsection by the deadline described in this subsection in a given year, then five percent (5%) of the excess assessed value shall be allocated to the respective taxing units in the year the deadline described in this subsection is missed.**

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

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

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

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

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

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

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

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



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

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

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

(b) **The original owner of each nonowner-occupied residential property subject to the two percent (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. 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 under IC 32-21-5. If the property is subsequently sold as a homestead property and becomes subject to the one percent (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.**



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

(b) Notwithstanding any other law, for taxing districts that include multiple tax increment financing districts under this chapter, 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 a written appeal to and receives the approval of the department of local government finance.

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

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

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

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

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

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

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

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



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)



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

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

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

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

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

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

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

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

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

(I) 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



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



(1/2) of the enrollment in any session for residents of the enterprise zone.

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

(A) Businesses operating in the enterprise zone.

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

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

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each reassessment of real property in an area under a county's reassessment plan prepared under IC 6-1.1-4-4.2, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the reassessment of the real property in the area on the property tax proceeds allocated to the redevelopment district under this section. After each annual adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the annual adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(3) than would otherwise have been received if the reassessment under the county's reassessment plan or annual adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments. **The department of local government finance may require the redevelopment commission 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 department of local government finance by July 15 of each year. If the redevelopment commission does not submit the**



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

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

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

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

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

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

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

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

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

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

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

SECTION 18. IC 36-7-15.1-53, AS AMENDED BY P.L.68-2025, SECTION 236, IS AMENDED TO READ AS FOLLOWS [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.



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

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

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

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

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

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

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

(B) Provide a written notice to the county auditor, the fiscal body of the county or municipality that established the department of redevelopment, the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for



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

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

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

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

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

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

(2) the base assessed value.

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

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

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

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

(2) the base assessed value.

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



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

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

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

(A) Businesses operating in the enterprise zone.

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

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

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



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

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

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

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

- (1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.
- (2) "Base assessed value" means, subject to subsection (i):
 - (A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus
 - (B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus
 - (C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, within the allocation area, as finally determined for the current assessment date.

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



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

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

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

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

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

(B) the base assessed value;

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

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

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

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district 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



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).

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

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

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

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

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

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



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

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

(2) the base assessed value.

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

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



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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

(E) Pay expenses incurred by the reuse authority, any other department of the unit, or a department of another governmental entity for local public improvements or structures that are in the allocation area or directly serving or benefiting the allocation area, including expenses for the operation and maintenance of these local public improvements



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).



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

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

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

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

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

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

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

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



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

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

(b) The original owner of each nonowner-occupied residential property subject to the two percent (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 reuse authority 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. The written agreement with the reuse authority shall be considered a lien on the property and shall be included as part of the residential real estate sales disclosure under IC 32-21-5. If the property is subsequently sold as a homestead property and becomes subject to the one percent (1%) tax cap, the new owner shall be responsible for the lien on the property attributable to the written agreement with the reuse authority, 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.

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

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



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

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

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

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

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

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

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

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

or

(B) the base assessed value;

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

(2) The excess of the proceeds of the property taxes imposed for the assessment date with respect to which the allocation and distribution is made that are attributable to taxes imposed after being approved by the voters in a referendum or local public



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

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

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

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

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

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

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

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

STEP TWO: Divide:

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



(ii) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; by

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

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

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

(G) 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.

(H) Expend money and provide financial assistance as authorized in section 15(26) of this chapter.

The allocation fund may not be used for operating expenses of the development authority.

(4) Except as provided in subsection (g), before July 15 of each year the development 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 subdivisions (2) and (3).



(B) Provide a written notice to the appropriate county auditors and the fiscal bodies and other 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 the excess property taxes that the development authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or

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

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

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

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

(2) the base assessed value.

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

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

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



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

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

(2) the base assessed value.

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

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



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

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

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

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



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.



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

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

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

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

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the development authority shall create funds as specified in this subsection. A development authority that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish an allocation fund for the purposes specified in subsection (b)(3) and a special zone fund. The development authority shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(3) for the year. The amount sufficient for purposes specified in subsection (b)(3) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A development authority that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(3) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) and (b)(2) that are derived from property in the enterprise zone in the fund. The development authority that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or 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.**

