
PRELIMINARY DRAFT
No. 3815

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2024 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 36-1-7.1.

Synopsis: Interstate interlocal agreements. Establishes requirements for an interlocal cooperation agreement concerning capital project expenditures that includes as parties to the agreement: (1) an Indiana municipality; and (2) a contiguous political subdivision of another state.

Effective: July 1, 2024.



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 36-1-7.1 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2024]:

4 **Chapter 7.1. Interlocal Cooperation Agreement with a Political**
5 **Subdivision in a Border State**

6 **Sec. 1. This chapter applies only to an interlocal cooperation**
7 **agreement that satisfies all of the following:**

8 (1) **The execution of the interlocal cooperation agreement**
9 **occurs after June 30, 2024.**

10 (2) **The parties to the interlocal cooperation agreement**
11 **include:**

12 (A) **a contiguous municipality; and**

13 (B) **a border entity.**

14 (3) **The interlocal cooperation agreement concerns capital**
15 **project expenditures, which may include expenditures for:**

16 (A) **site acquisition and development;**

17 (B) **acquisition and construction of buildings or structures;**

18 (C) **the construction of additions or improvements to**
19 **existing structures;**

20 (D) **the purchase or lease of equipment; and**

21 (E) **all repairs or replacement of buildings or equipment.**

22 **Sec. 2. This chapter does not apply to an interlocal cooperation**
23 **agreement that:**

24 (1) **is executed before July 1, 2024, and renewed under the**
25 **terms of the agreement after June 30, 2024; or**

26 (2) **involves as a party:**

27 (A) **the state of Indiana or an Indiana state agency (as**
28 **defined in IC 1-1-15-3);**

29 (B) **another state;**

30 (C) **an agency of the federal government; or**

31 (D) **a federally recognized Indian tribe.**



1 **Sec. 3. As used in this chapter, "border entity" means an entity**
2 **that satisfies all of the following:**

3 **(1) The entity is located in Illinois, Kentucky, Michigan, or**
4 **Ohio.**

5 **(2) Any part of the entity is contiguous to a municipality in**
6 **Indiana.**

7 **(3) The entity is:**

8 **(A) recognized as a political subdivision under the law of**
9 **the state in which the entity is located; and**

10 **(B) authorized to enter into an interlocal cooperation**
11 **agreement with a contiguous municipality by the law of the**
12 **state in which the entity is located.**

13 **Sec. 4. As used in this chapter, "contiguous municipality" means**
14 **a city or town:**

15 **(1) located in Indiana; and**

16 **(2) any part of which is contiguous to a border entity.**

17 **Sec. 5. Notwithstanding IC 36-1-7-8, an interlocal cooperation**
18 **agreement subject to this chapter is not an interstate compact.**

19 **Sec. 6. To the extent that this chapter conflicts with the**
20 **requirements of any other Indiana law, the provisions of this**
21 **chapter are controlling.**

22 **Sec. 7. A contiguous municipality must comply with IC 36-1-7**
23 **and this chapter to do the following:**

24 **(1) Execute or renew an interlocal cooperation agreement that**
25 **includes a border entity as a party to the agreement. Failure**
26 **of a contiguous municipality to comply with this chapter and**
27 **IC 36-1-7 to the extent IC 36-1-7 is not in conflict with this**
28 **chapter voids:**

29 **(A) the interlocal cooperation agreement; or**

30 **(B) the renewal of the interlocal cooperation agreement.**

31 **(2) Amend an interlocal cooperation agreement that includes**
32 **a border entity as a party to the agreement. Failure of a**
33 **contiguous municipality to comply with this chapter and**
34 **IC 36-1-7 to the extent IC 36-1-7 is not in conflict with this**
35 **chapter voids the amendment to the interlocal cooperation**
36 **agreement.**

37 **(3) Terminate an interlocal cooperation agreement that**
38 **involves a border entity as a party to the agreement. Failure**
39 **of a contiguous municipality to comply with this chapter and**
40 **IC 36-1-7 to the extent IC 36-1-7 is not in conflict with this**
41 **chapter voids the termination of the interlocal cooperation**
42 **agreement.**

43 **Sec. 8. (a) This section applies only to an interlocal cooperation**
44 **agreement regarding the joint construction of a building extending**
45 **across the state line to be located in Indiana and the border entity.**

46 **(b) Notwithstanding IC 22-12-2.5-5 or any other law, the**



1 interlocal agreement shall provide that in the event of a conflict
2 between the building codes or standards:

- 3 (1) that are within the jurisdiction of the Indiana fire
- 4 prevention and building safety commission; and
- 5 (2) of the border entity;

6 the stricter or more stringent building codes or standards shall
7 prevail.

8 **Sec. 9. An interlocal cooperation agreement must meet all of the**
9 **following requirements:**

10 (1) The term of an interlocal cooperation agreement may not
11 be for:

- 12 (A) less than thirty (30) years; and
- 13 (B) more than forty (40) years.

14 (2) The term of a renewal of an interlocal cooperation
15 agreement may not be more than ten (10) years.

16 (3) An interlocal cooperation agreement or renewal of an
17 interlocal cooperation agreement must have a stamp or
18 certification indicating that the agreement was reviewed and
19 approved by the attorney general as required by IC 36-1-7-4.

20 (4) An interlocal cooperation agreement or renewal of an
21 interlocal cooperation agreement may not automatically
22 renew for an additional period.

23 **Sec. 10. (a) An interlocal cooperation agreement may include a**
24 **provision for early termination of the agreement upon the mutual**
25 **consent in writing of all the parties to the agreement, even if early**
26 **termination reduces the term of the agreement to less than the**
27 **thirty (30) year minimum term set forth in section 9(1)(A) of this**
28 **chapter.**

29 (b) A contiguous municipality may only consent to early
30 termination of the interlocal cooperation agreement by adopting
31 two (2) resolutions as follows:

32 (1) In a year other than a year in which a municipal election
33 is held, the legislative body of the contiguous municipality
34 must adopt a resolution:

- 35 (A) by an affirmative vote of at least a majority of the
- 36 municipal legislative body members; and
- 37 (B) that approves early termination of the interlocal
- 38 cooperation agreement.

39 (2) Not earlier than the year immediately following the next
40 municipal election held after the date the first resolution is
41 adopted under subdivision (1), the legislative body of the
42 contiguous municipality must adopt a second resolution:

- 43 (A) by an affirmative vote of at least a majority of the
- 44 legislative body members; and
- 45 (B) that approves the early termination of the interlocal
- 46 cooperation agreement.



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Sec. 11. The executive of a contiguous municipality:

- (1) does not have the power to approve or veto; and**
- (2) is not required to sign;**

a resolution adopted under section 10 or 13 of this chapter.

Sec. 12. The first resolution adopted under section 10(b)(1) of this chapter expires if the legislative body of the contiguous municipality fails to adopt a second resolution under section 10(b)(2) of this chapter before the earlier of the following:

- (1) The date the interlocal cooperation agreement is amended in accordance with section 13 of this chapter.**
- (2) Six (6) years after the date of adoption of the first resolution under section 10(b)(1) of this chapter.**

Sec. 13. (a) An interlocal cooperation agreement may include a provision for amending the terms of the agreement by mutual consent in writing of all of the parties to the agreement. The legislative body of a contiguous municipality must adopt a resolution consenting to the amendment by an affirmative vote of at least a majority of the legislative body members.

(b) Subsection (a) does not apply to an amendment of an interlocal cooperation agreement that results in early termination of the agreement. Any amendment that results in early termination of the agreement must be consented to by the legislative body of the contiguous municipality as provided in section 10 of this chapter.

Sec. 14. An interlocal cooperation agreement may include, in addition to a contiguous municipality and border entity, any of the following as additional parties to the agreement:

- (1) An Indiana political subdivision.**
- (2) A political subdivision of a state other than Indiana, to the extent authorized by the laws of the other state.**
- (3) Any of the following created or authorized by Indiana law:**
 - (A) Public instrumentalities.**
 - (B) Public corporate bodies.**

