
ENGROSSED HOUSE BILL No. 1319

DIGEST OF HB 1319 (Updated February 19, 1998 11:33 am - DI 73)

Citations Affected: IC 4-4; IC 6-3.1; IC 36-7; noncode.

Synopsis: Economic development. Establishes a state tax credit for rehabilitation of real property located in military base facilities designated by the state enterprise zone board. Allows a municipality or county to request a local advisory commission on industrial development to designate an area as a community revitalization enhancement district. Provides that the advisory commission may designate an area as a community revitalization enhancement district only if: (1) the area contains a building or buildings with at least 1,000,000 square feet of usable interior floor space and the area is vacant or will become vacant due to the relocation of an employer; (2) at least 1,000 fewer persons are employed in the area than were employed in the area ten years previously; (3) certain specified obstacles to redevelopment of the area exist; and (4) the unit has expended, appropriated, or pledged at least \$100,000 for purposes of
(Continued next page)

Effective: July 1, 1998; January 1, 1999; March 1, 2001.

Bales, Kruzan, Tincher, Stevenson

(SENATE SPONSORS — SKILLMAN, SIMPSON)

January 13, 1998, read first time and referred to Committee on Ways and Means.
January 26, 1998, reported — Do Pass.
January 29, 1998, read second time, amended, ordered engrossed.
January 30, 1998, engrossed.
February 3, 1998, read third time, passed. Yeas 92, nays 5.

SENATE ACTION

February 9, 1998, read first time and referred to Committee on Finance.
February 19, 1998, amended, reported favorably — Do Pass.

EH 1319—LS 7281/DI 73+



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addressing the redevelopment obstacles. Provides that the duration of district may not exceed 15 years. Requires the resolution designating a district to be submitted to the budget committee for review and recommendation to the budget agency. Requires budget agency approval of the resolution establishing the district. Provides a credit against certain state and local tax liability for a taxpayer that makes an investment for the redevelopment or rehabilitation of property located within a community revitalization enhancement district. Provides that the credit is equal to 25% of the investment. Provides that the incremental amount of state and local income taxes and state gross retail taxes collected from a community revitalization enhancement district shall be distributed to the district for deposit in the district's industrial development fund. Provides that a unit may use this revenue to pay bonds issued to finance the redevelopment in a community revitalization enhancement district.

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February 20, 1998

Second Regular Session 110th General Assembly (1998)

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 1997 General Assembly.

ENGROSSED HOUSE BILL No. 1319

A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

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

- 1 SECTION 1. IC 4-4-6.1-2, AS AMENDED BY P.L.14-1997,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 2. (a) The board has the following powers, in
4 addition to other powers which are contained in this chapter:
5 (1) To review and approve or reject all applicants for enterprise
6 zone designation, according to the criteria for designation which
7 this chapter provides.
8 (2) To waive or modify rules as provided in this chapter.
9 (3) To provide a procedure by which enterprise zones may be
10 monitored and evaluated on an annual basis.
11 (4) To adopt rules for the disqualification of a zone business from
12 eligibility for any or all incentives available to zone businesses,
13 if that zone business does not do one (1) of the following:
14 (A) If all of its incentives, as contained in the summary
15 required under section 2.5 of this chapter, exceed one
16 thousand dollars (\$1,000) in any year, pay a registration fee to

EH 1319—LS 7281/DI 73+



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- 1 the board in an amount equal to one percent (1%) of all of its
 2 incentives.
- 3 (B) Use all of its incentives, except for the amount of
 4 registration fee, for its property or employees in the zone.
- 5 (C) Remain open and operating as a zone business for twelve
 6 (12) months of the assessment year for which the incentive is
 7 claimed.
- 8 (5) To disqualify a zone business from eligibility for any or all
 9 incentives available to zone businesses in accordance with the
 10 procedures set forth in the board's rules.
- 11 (6) After a recommendation from an urban enterprise association,
 12 to modify an enterprise zone boundary if the board determines
 13 that the modification:
- 14 (A) is in the best interests of the zone; and
 15 (B) meets the threshold criteria and factors set forth in section
 16 3 of this chapter.
- 17 (7) To employ staff and contract for services.
- 18 (8) To receive funds from any source and expend these funds for
 19 the administration and promotion of the enterprise zone program.
- 20 (9) To make determinations under IC 6-3.1-11 concerning the
 21 designation of locations as industrial recovery sites and the
 22 availability of the credit provided by IC 6-1.1-20.7 to persons
 23 owning inventory located on an industrial recovery site.
- 24 (10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11
 25 concerning the disqualification of persons from claiming credits
 26 provided by those chapters in appropriate cases.
- 27 **(11) To make determinations under IC 6-3.1-11.5 concerning**
 28 **the designation of locations as military base recovery sites and**
 29 **the availability of the credit provided by IC 6-3.1-11.5 to**
 30 **persons making qualified investments in military base**
 31 **recovery sites.**
- 32 **(12) To make determinations under IC 6-3.1-11.5 concerning**
 33 **the disqualification of persons from claiming the credit**
 34 **provided by IC 6-3.1-11.5 in appropriate cases.**
- 35 (b) In addition to a registration fee paid under subsection (a)(4),
 36 each zone business that receives a credit under this chapter shall assist
 37 the zone urban enterprise association created under section 4 of this
 38 chapter in an amount determined by the legislative body of the
 39 municipality in which the zone is located. If a zone business does not
 40 assist an urban enterprise association, the legislative body of the
 41 municipality in which the zone is located may pass an ordinance
 42 disqualifying a zone business from eligibility for all credits or

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1 incentives available to zone businesses. If a legislative body
 2 disqualifies a zone business under this subsection, the legislative body
 3 shall notify the board, the state board of tax commissioners, and the
 4 department of state revenue in writing within thirty (30) days of the
 5 passage of the ordinance disqualifying the zone business.
 6 Disqualification of a zone business under this section is effective
 7 beginning with the taxable year in which the ordinance disqualifying
 8 the zone business is passed.

9 SECTION 2. IC 6-3.1-11.5 IS ADDED TO THE INDIANA CODE
 10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 11 UPON PASSAGE]:

12 **Chapter 11.5. Military Base Recovery Tax Credit**

13 **Sec. 1. As used in this chapter, "applicable percentage" means**
 14 **the percentage determined as follows:**

15 (1) **If a building that is located on a military base recovery site**
 16 **was placed in service at least twenty (20) years ago but less**
 17 **than thirty (30) years ago, the applicable percentage is fifteen**
 18 **percent (15%).**

19 (2) **If a building that is located on a military base recovery site**
 20 **was placed in service at least thirty (30) years ago but less**
 21 **than forty (40) years ago, the applicable percentage is twenty**
 22 **percent (20%).**

23 (3) **If a building that is located on a military base recovery site**
 24 **was placed in service at least forty (40) years ago, the**
 25 **applicable percentage is twenty-five percent (25%).**

26 **The time that has expired since a building was placed in service**
 27 **shall be determined as of the date that an application is filed with**
 28 **the board for designation of the location as a military base**
 29 **recovery site under this chapter.**

30 **Sec. 2. As used in this chapter, "board" refers to the enterprise**
 31 **zone board created under IC 4-4-6.1.**

32 **Sec. 3. As used in this chapter, "executive" has the meaning set**
 33 **forth in IC 36-1-2-5.**

34 **Sec. 4. As used in this chapter, "facility" means a building that:**

35 (1) **is used, or designed and constructed for use, for training,**
 36 **housing, supplying, military readiness or other military**
 37 **activities, or for the support of military activities, military**
 38 **personnel and their dependents, including retired or reserve**
 39 **military personnel; and**

40 (2) **has a minimum floor space of:**

41 (A) **twenty thousand (20,000) square feet, if the facility is**
 42 **located in an economic development area established**



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1 under IC 36-7-14.5-12.5; or
 2 (B) one hundred thousand (100,000) square feet, if the
 3 facility is located in a military base reuse area established
 4 under IC 36-7-30.

5 **Sec. 5.** As used in this chapter, "floor space" means the usable
 6 interior floor space of a building.

7 **Sec. 6.** As used in this chapter, "legislative body" has the
 8 meaning set forth in IC 36-1-2-9.

9 **Sec. 7.** As used in this chapter, "military base recovery site"
 10 means a military base recovery site designated under this chapter.

11 **Sec. 8.** As used in this chapter, "municipality" has the meaning
 12 set forth in IC 36-1-2-11.

13 **Sec. 8.5.** As used in this chapter, "pass through entity" means:

- 14 (1) a corporation that is exempt from the adjusted gross
- 15 income tax under IC 6-3-2-2.8(2);
- 16 (2) a partnership;
- 17 (3) a limited liability company; or
- 18 (4) a limited liability partnership.

19 **Sec. 9.** As used in this chapter, "placed in service" means that
 20 property is placed in a condition or state of readiness and
 21 availability for a specifically assigned function.

22 **Sec. 10.** As used in this chapter, "qualified investment" means
 23 the amount of the taxpayer's expenditures after December 31,
 24 1997, for rehabilitation of property located within a military base
 25 recovery site under a plan contained in an application approved by
 26 the board under section 20 of this chapter. An expenditure for
 27 purposes or by persons not covered by such a plan is not a
 28 qualified investment.

29 **Sec. 11.** As used in this chapter, "redevelopment authority"
 30 means a redevelopment authority established under
 31 IC 36-7-14.5-12.5.

32 **Sec. 12.** As used in this chapter, "rehabilitation" means the
 33 remodeling, repair, or betterment of real property in any manner
 34 or any enlargement or extension of real property.

35 **Sec. 13.** As used in this chapter, "reuse authority" refers to a
 36 military base reuse authority established under IC 36-7-30.

37 **Sec. 14.** As used in this chapter, "state tax liability" means the
 38 taxpayer's total tax liability that is incurred under:

- 39 (1) IC 6-2.1 (the gross income tax);
- 40 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- 41 (3) IC 6-3-8 (the supplemental net income tax);
- 42 (4) IC 6-5-10 (the bank tax);



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1 (5) IC 6-5-11 (the savings and loan association tax);
 2 (6) IC 27-1-18-2 (the insurance premiums tax); and
 3 (7) IC 6-5.5 (the financial institutions tax);
 4 as computed after the application of the credits that, under
 5 IC 6-3.1-1-2, are to be applied before the credit provided by this
 6 chapter.

7 Sec. 15. As used in this chapter, "taxpayer" means an
 8 individual, corporation, limited liability company, partnership, or
 9 other entity that has any state tax liability and that is the owner or
 10 developer of a military base recovery site. The term includes a
 11 lessee that is assigned some part of a credit under section 18(c) of
 12 this chapter.

13 Sec. 16. As used in this chapter, "vacant" means, with respect
 14 to a building, that at least seventy-five percent (75%) of the
 15 building placed in service is not used for training, housing,
 16 supplying, military readiness, or other military activities, or for the
 17 support of military activities, military personnel, and their
 18 dependents, including retired or reserve military personnel.

19 Sec. 17. As used in this chapter, "vacant military base facility"
 20 means a facility that:

21 (1) is located in:

22 (A) an economic development area established under
 23 IC 36-7-14.5-12.5; or

24 (B) a military base reuse area established under
 25 IC 36-7-30;

26 (2) was placed in service at least twenty (20) years ago; and

27 (3) has been vacant for two (2) or more years.

28 However, subdivision (3) does not apply to a facility that is owned
 29 by a municipality, a county, a military base reuse authority, or a
 30 redevelopment authority.

31 Sec. 18. (a) Subject to section 23 of this chapter, a taxpayer is
 32 entitled to a credit against the taxpayer's state tax liability for a
 33 taxable year if the taxpayer makes a qualified investment in that
 34 year.

35 (b) The amount of the credit to which a taxpayer is entitled is
 36 the qualified investment made by the taxpayer during the taxable
 37 year multiplied by the applicable percentage.

38 (c) A taxpayer may assign any part of the credit to which the
 39 taxpayer is entitled under this chapter to a lessee of the military
 40 base recovery site. A credit that is assigned under this subsection
 41 remains subject to this chapter.

42 (d) An assignment under subsection (c) must be in writing and

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1 both the taxpayer and the lessee must report the assignment on
 2 their state tax return for the year in which the assignment is made,
 3 in the manner prescribed by the department of state revenue. The
 4 taxpayer shall not receive value in connection with the assignment
 5 under subsection (c) that exceeds the value of the part of the credit
 6 assigned.

7 **Sec. 19. (a)** If the amount determined under section 18(b) of this
 8 chapter for a taxable year exceeds the taxpayer's state tax liability
 9 for that taxable year, the taxpayer may carry the excess over to the
 10 immediately following taxable years. The amount of the credit
 11 carryover from a taxable year shall be reduced to the extent that
 12 the carryover is used by the taxpayer to obtain a credit under this
 13 chapter for any subsequent taxable year.

14 **(b)** A taxpayer is not entitled to a carryback or refund of any
 15 unused credit.

16 **Sec. 20. (a)** After approval by ordinance or resolution of the
 17 legislative body, the executive of a municipality may submit an
 18 application to the board requesting that a vacant military base
 19 facility within the municipality be designated as a military base
 20 recovery site.

21 **(b)** After approval by resolution of the legislative body, the
 22 executive of a county may submit an application to the board
 23 requesting that a vacant military base facility within the county,
 24 but not within any municipality, be designated as a military base
 25 recovery site.

26 **(c)** In addition to any other information required by the board,
 27 an application submitted under this section must include:

28 (1) a description of the plan proposed for development and
 29 use of the vacant military base facility; and

30 (2) the maximum amount of qualified investment for which a
 31 credit will be available under this chapter.

32 **(d)** If the property described in the application submitted to the
 33 board meets the definition of a vacant military base facility as of
 34 the date of filing of the application, the board shall:

35 (1) evaluate the application;

36 (2) arrive at a decision based on the factors set forth in section
 37 21 of this chapter; and

38 (3) either designate the property as a military base recovery
 39 site or reject the application.

40 **(e)** If the board determines that a substantial reduction or
 41 cessation of operations at a military base in Indiana after January
 42 1, 1987, has created a vacant military base facility, the facility may

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1 be designated as a military base recovery site only if it has been
2 donated or sold to a municipality, a county, a reuse authority, or a
3 redevelopment authority. Such a facility may be designated as a
4 military base recovery site, whether it is owned by the
5 municipality, a county, a reuse authority, or a redevelopment
6 authority or by a taxpayer who acquired it from the municipality,
7 a county, a reuse authority, or a redevelopment authority after the
8 donation or sale.

9 **Sec. 21.** The board shall consider the following factors in
10 evaluating applications filed under this chapter:

11 (1) The level of distress in the surrounding community caused
12 by the loss of jobs at the vacant military base facility.

13 (2) The desirability of the intended use of the vacant military
14 base facility under the plan proposed for the development and
15 use of the vacant military base facility and the likelihood that
16 the implementation of the plan will improve the economic and
17 employment conditions in the surrounding community.

18 (3) Evidence of support for the designation by residents,
19 businesses, and private organizations in the surrounding
20 community.

21 (4) Evidence of a commitment by private or governmental
22 entities to provide financial assistance in implementing the
23 plan for the development and use of the vacant military base
24 facility, including the application of IC 36-7-12, IC 36-7-13,
25 IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, or IC 36-7-30 to assist
26 in the financing of improvements or redevelopment activities
27 benefiting the vacant military base facility.

28 (5) Evidence of efforts to implement the proposed plan
29 without additional financial assistance from the state.

30 (6) Whether the proposed military base recovery site is within
31 an economic revitalization area designated under
32 IC 6-1.1-12.1.

33 (7) Whether action has been taken by the legislative body of
34 the municipality or county having jurisdiction over the
35 proposed military base recovery site to establish an enterprise
36 zone under IC 4-4-6.1-3(g).

37 **Sec. 22.** The board may provide that the military base recovery
38 site designation is contingent on the development and use of the
39 vacant military base facility in substantial compliance with the
40 plan described in the application submitted under section 20 of this
41 chapter. The board may revoke its approval of a military base
42 recovery site designation for failure to comply with these



1 conditions.

2 **Sec. 23.** A taxpayer is not entitled to claim the credit provided
3 by this chapter to the extent that the taxpayer substantially reduces
4 or ceases its operations in Indiana in order to relocate its
5 operations within the military base recovery site. A determination
6 that a taxpayer is not entitled to the credit provided by this chapter
7 as a result of a substantial reduction or cessation of operations
8 applies to credits that would otherwise arise in the taxable year in
9 which the substantial reduction or cessation occurs and in all
10 subsequent years. Determinations under this section shall be made
11 by the board.

12 **Sec. 24.** (a) A credit to which a taxpayer is entitled under this
13 chapter shall be applied against taxes owed by the taxpayer in the
14 following order:

15 (1) Against the taxpayer's gross income tax liability (IC 6-2.1)
16 for the taxable year.

17 (2) Against the taxpayer's adjusted gross income tax liability
18 (IC 6-3-1 through IC 6-3-7) for the taxable year.

19 (3) Against the taxpayer's supplemental net income tax
20 liability (IC 6-3-8) for the taxable year.

21 (4) Against the taxpayer's bank tax liability (IC 6-5-10) or
22 savings and loan association tax liability (IC 6-5-11) for the
23 taxable year.

24 (5) Against the taxpayer's insurance premiums tax liability
25 (IC 27-1-18-2) for the taxable year.

26 (6) Against the taxpayer's financial institutions tax (IC 6-5.5)
27 for the taxable year.

28 (b) Whenever the tax paid by the taxpayer under any of the tax
29 provisions listed in subsection (a) is a credit against the liability or
30 a deduction in determining the tax base under another Indiana tax
31 provision, the credit or deduction shall be computed without
32 regard to the credit to which a taxpayer is entitled under this
33 chapter.

34 **Sec. 25.** To receive the credit provided by this chapter, a
35 taxpayer must claim the credit on the taxpayer's annual state tax
36 return or returns in the manner prescribed by the department of
37 state revenue. The taxpayer shall submit to the department of state
38 revenue the certification of the board stating the percentage of
39 credit allowable under this chapter and all other information that
40 the department determines is necessary for the calculation of the
41 credit provided by this chapter and for the determination of
42 whether an expenditure was for a qualified investment.



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1 **Sec. 26. (a) If a pass through entity is entitled to a credit under**
 2 **this chapter but does not have state tax liability against which the**
 3 **credit may be applied, an individual who is a shareholder, partner,**
 4 **or member of the pass through entity is entitled to a credit equal**
 5 **to:**

6 (1) the credit determined for the pass through entity for the
 7 taxable year; multiplied by

8 (2) the percentage of the pass through entity's distributable
 9 income to which the individual is entitled.

10 **(b) The credit provided under subsection (a) is in addition to a**
 11 **tax credit to which a shareholder, partner, or member of a pass**
 12 **through entity is in addition to a tax credit to which a shareholder,**
 13 **partner, or member of a pass through entity is otherwise entitled**
 14 **under this chapter. However, a pass through entity and an**
 15 **individual who is a shareholder, partner, or member of the pass**
 16 **through entity may not claim more than one (1) credit for the same**
 17 **investment.**

18 SECTION 3. IC 6-3.1-19 IS ADDED TO THE INDIANA CODE
 19 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 20 JANUARY 1, 1999]:

21 **Chapter 19. Community Revitalization Enhancement District**
 22 **Tax Credit**

23 **Sec. 1. As used in this chapter, "state and local tax liability"**
 24 **means a taxpayer's total tax liability incurred under:**

25 (1) IC 6-2.1 (the gross income tax);

26 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

27 (3) IC 6-3-8 (the supplemental net income tax);

28 (4) IC 6-3.5-1.1 (county adjusted gross income tax);

29 (5) IC 6-3.5-6 (county option income tax);

30 (6) IC 6-3.5-7 (county economic development income tax);

31 (7) IC 6-5-10 (the bank tax);

32 (8) IC 6-5-11 (the savings and loan association tax);

33 (9) IC 6-5.5 (the financial institutions tax); and

34 (10) IC 27-1-18-2 (the insurance premiums tax);

35 **as computed after the application of all credits that under**
 36 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
 37 **chapter.**

38 **Sec. 2. As used in this chapter, "qualified investment" means the**
 39 **amount of a taxpayer's expenditures that is:**

40 (1) for redevelopment or rehabilitation of property located
 41 within a community revitalization enhancement district
 42 designated under IC 36-7-13;



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1 (2) made under a plan adopted by an advisory commission on
2 industrial development under IC 36-7-13; and

3 (3) approved by the department of commerce before the
4 expenditure is made.

5 Sec. 3. (a) Subject to section 5 of this chapter, a taxpayer is
6 entitled to a credit against the taxpayer's state and local tax
7 liability for a taxable year if the taxpayer makes a qualified
8 investment in that year.

9 (b) The amount of the credit to which a taxpayer is entitled is
10 the qualified investment made by the taxpayer during the taxable
11 year multiplied by twenty-five percent (25%).

12 (c) A taxpayer may assign any part of the credit to which the
13 taxpayer is entitled under this chapter to a lessee of property
14 redeveloped or rehabilitated under section 2 of this chapter. A
15 credit that is assigned under this subsection remains subject to this
16 chapter.

17 (d) An assignment under subsection (c) must be in writing and
18 both the taxpayer and the lessee must report the assignment on
19 their state tax return for the year in which the assignment is made,
20 in the manner prescribed by the department. The taxpayer may
21 not receive value in connection with the assignment under
22 subsection (c) that exceeds the value of the part of the credit
23 assigned.

24 Sec. 4. If the amount of the credit determined under section 3 of
25 this chapter for a taxable year exceeds the taxpayer's state tax
26 liability for that taxable year, the taxpayer may carry the excess
27 over to the immediately following taxable years. The amount of the
28 credit carryover from a taxable year shall be reduced to the extent
29 that the carryover is used by the taxpayer to obtain a credit under
30 this chapter for any subsequent taxable year. A taxpayer is not
31 entitled to a carryback or refund of any unused credit.

32 Sec. 5. (a) Except as provided in subsection (b), a taxpayer is not
33 entitled to claim the credit provided by this chapter to the extent
34 that the taxpayer substantially reduces or ceases its operations in
35 Indiana in order to relocate them within the district.

36 (b) Notwithstanding subsection (a), a taxpayer's substantial
37 reduction or cessation of operations in Indiana in order to relocate
38 operations to a district does not make a taxpayer ineligible for a
39 credit under this chapter if:

- 40 (1) the taxpayer had existing operations in the district; and
41 (2) the operations relocated to the district are an expansion of
42 the taxpayer's operations in the district.



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1 (c) A determination that a taxpayer is not entitled to the credit
 2 provided by this chapter as a result of a substantial reduction or
 3 cessation of operations applies to credits that would otherwise arise
 4 in the taxable year in which the substantial reduction or cessation
 5 occurs and in all subsequent years. Determinations under this
 6 section shall be made by the department of state revenue.

7 **Sec. 6.** To receive the credit provided by this section, a taxpayer
 8 must claim the credit on the taxpayer's annual state tax return or
 9 returns in the manner prescribed by the department of state
 10 revenue. The taxpayer shall submit to the department of state
 11 revenue all information that the department determines is
 12 necessary for the calculation of the credit provided by this chapter
 13 and for the determination of whether an expenditure was for a
 14 qualified investment.

15 SECTION 4. IC 36-7-13-1.6 IS ADDED TO THE INDIANA CODE
 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 17 1, 1998]: **Sec. 1.6.** As used in this chapter, "district" refers to a
 18 community revitalization enhancement district designated under
 19 section 12 of this chapter.

20 SECTION 5. IC 36-7-13-2.4 IS ADDED TO THE INDIANA CODE
 21 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 22 1, 1998]: **Sec. 2.4.** As used in this chapter, "gross retail base period
 23 amount" means the aggregate amount of state gross retail and use
 24 taxes remitted under IC 6-2.5 by the businesses operating in the
 25 territory comprising a district during the full state fiscal year that
 26 precedes the date on which an advisory commission on industrial
 27 development adopted a resolution designating the district.

28 SECTION 6. IC 36-7-13-2.6 IS ADDED TO THE INDIANA CODE
 29 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 30 1, 1998]: **Sec. 2.6.** As used in this chapter, "gross retail incremental
 31 amount" means the remainder of:

- 32 (1) the aggregate amount of state gross retail and use taxes
 33 that are remitted under IC 6-2.5 by businesses operating in a
 34 district during a state fiscal year; minus
 35 (2) the gross retail base period amount;

36 as determined by the department of state revenue under section 14
 37 of this chapter.

38 SECTION 7. IC 36-7-13-3.2 IS ADDED TO THE INDIANA CODE
 39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 40 1, 1998]: **Sec. 3.2.** As used in this chapter, "income tax base period
 41 amount" means the aggregate amount of state and local income
 42 taxes paid by employees employed in the territory comprising a

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1 district with respect to wages and salary earned for work in the
 2 district for the state fiscal year that precedes the date on which an
 3 advisory commission on industrial development adopted a
 4 resolution designating the district.

5 SECTION 8. IC 36-7-13-3.4 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 7 1, 1998]: **Sec. 3.4. As used in this chapter, "income tax incremental
 8 amount" means the remainder of:**

9 (1) the aggregate amount of state and local income taxes paid
 10 by employees employed in a district with respect to wages
 11 earned for work in the district for a particular state fiscal
 12 year; minus

13 (2) the income tax base period amount;

14 as determined by the department of state revenue under section 14
 15 of this chapter.

16 SECTION 9. IC 36-7-13-3.8 IS ADDED TO THE INDIANA CODE
 17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 18 1, 1998]: **Sec. 3.8. As used in this chapter, "state and local income
 19 taxes" means taxes imposed under any of the following:**

20 (1) IC 6-2.1 (the gross income tax).

21 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

22 (3) IC 6-3-8 (the supplemental net income tax).

23 (4) IC 6-3.5-1.1 (county adjusted gross income tax).

24 (5) IC 6-3.5-6 (county option income tax).

25 (6) IC 6-3.5-7 (county economic development income tax).

26 SECTION 10. IC 36-7-13-4, AS AMENDED BY P.L.262-1993,
 27 SECTION 3 (CURRENT VERSION), IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 4. (a) To provide
 29 money for the purposes set forth in section 3 of this chapter, the unit
 30 shall create a special revolving fund to be known as the industrial
 31 development fund, into which any available and unappropriated money
 32 of the unit may be transferred by the unit's legislative body.**

33 (b) The legislative body may also by ordinance levy a tax not to
 34 exceed five cents (\$0.05) on each one hundred dollars (\$100) of
 35 assessed value of all personal and real property within its jurisdiction.
 36 The proceeds of this tax shall be deposited in the industrial
 37 development fund. The unit may collect the tax as other municipal or
 38 county taxes are collected, or may set up a system for the collection and
 39 enforcement of the tax in the unit. **The proceeds of the tax may be
 40 used for any purpose authorized by this chapter and may be
 41 pledged for the payment of principal and interest on bonds or
 42 other obligation issued under this chapter.**



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1 SECTION 11. IC 36-7-13-4, AS AMENDED BY P.L.6-1997,
 2 SECTION 208 (DELAYED VERSION), IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 4. (a) To provide
 4 money for the purposes set forth in section 3 of this chapter, the unit
 5 shall create a special revolving fund to be known as the industrial
 6 development fund, into which any available and unappropriated money
 7 of the unit may be transferred by the unit's legislative body.

8 (b) The legislative body may also by ordinance levy a tax not to
 9 exceed one and sixty-seven hundredths cents (\$0.0167) on each one
 10 hundred dollars (\$100) of assessed value of all personal and real
 11 property within its jurisdiction. The proceeds of this tax shall be
 12 deposited in the industrial development fund. The unit may collect the
 13 tax as other municipal or county taxes are collected, or may set up a
 14 system for the collection and enforcement of the tax in the unit. **The**
 15 **proceeds of the tax may be used for any purpose authorized by this**
 16 **chapter and may be pledged for the payment of principal and**
 17 **interest on bonds or other obligation issued under this chapter.**

18 SECTION 12. IC 36-7-13-5, AS AMENDED BY P.L.1-1994,
 19 SECTION 175, IS AMENDED TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) In order to coordinate the
 21 efforts of the unit and any private industrial development committee in
 22 the community, an advisory commission on industrial development
 23 shall be appointed by the unit's executive.

24 (b) **Except as provided in subsection (d),** the commission shall be
 25 composed of six (6) members, including at least one (1) representative
 26 of the unit's government, at least one (1) representative of the local
 27 industrial development committee, at least one (1) representative of a
 28 local banking institution, at least one (1) representative of a local utility
 29 company, and at least one (1) representative of organized labor from
 30 the building trades. A member of the commission may represent more
 31 than one (1) of the organizations enumerated.

32 (c) The unit's legislative body shall request the commission's
 33 recommendations. The legislative body may not conduct any business
 34 requiring expenditures from the industrial development fund or make
 35 any sale or lease of property acquired by the unit under this chapter
 36 without the approval, in writing, of a majority of the members of the
 37 commission.

38 (d) **In addition to the members described in subsection (b), if the**
 39 **executive of a unit has submitted a petition to a commission under**
 40 **section 10 of this chapter, the following persons are members of the**
 41 **commission:**

42 (1) **A member appointed by the governor.**

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1 **(2) A member appointed by the lieutenant governor.**

2 **(3) A member appointed by the director of the department of**
3 **workforce development.**

4 SECTION 13. IC 36-7-13-9 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. When the purposes
6 for which the industrial development fund was established have been
7 accomplished **and all districts designated by the unit have been**
8 **terminated under section 19 of this chapter**, the balance remaining
9 in that fund shall be transferred to the general fund of the unit and the
10 authority for the levy of the tax provided by section 4 of this chapter
11 ceases.

12 SECTION 14. IC 36-7-13-10 IS ADDED TO THE INDIANA
13 CODE AS A NEW SECTION TO READ AS FOLLOWS
14 [EFFECTIVE JULY 1, 1998]: **Sec. 10. (a) After approval by**
15 **ordinance or resolution of the legislative body of a municipality,**
16 **the executive of the municipality may submit an application to an**
17 **advisory commission on industrial development requesting that an**
18 **area within the municipality be designated as a district.**

19 **(b) After approval by ordinance or resolution of the legislative**
20 **body of a county, the executive of the county may submit an**
21 **application to an advisory commission on industrial development**
22 **requesting that an area within the county, but not within a**
23 **municipality, be designated as a district.**

24 SECTION 15. IC 36-7-13-11 IS ADDED TO THE INDIANA
25 CODE AS A NEW SECTION TO READ AS FOLLOWS
26 [EFFECTIVE JULY 1, 1998]: **Sec. 11. If a municipal or county**
27 **executive submits an application requesting an area to be**
28 **designated as a district under this chapter, the advisory**
29 **commission on industrial development shall do the following:**

30 **(1) Compile information necessary to make a determination**
31 **concerning whether the area meets the conditions necessary**
32 **for designation as a district.**

33 **(2) Prepare maps showing the boundaries of the proposed**
34 **district.**

35 **(3) Prepare a plan describing the ways in which the**
36 **development obstacles described in section 12(b)(3) of this**
37 **chapter in the proposed district will be addressed.**

38 SECTION 16. IC 36-7-13-12 IS ADDED TO THE INDIANA
39 CODE AS A NEW SECTION TO READ AS FOLLOWS
40 [EFFECTIVE JULY 1, 1998]: **Sec. 12. (a) If a municipal or county**
41 **executive has submitted an application to an advisory commission**
42 **on industrial development requesting that an area be designated as**



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1 a district under this chapter and the advisory commission has
 2 compiled and prepared the information required under section 11
 3 of this chapter concerning the area, the advisory commission may
 4 adopt a resolution designating the area as a district if it makes the
 5 findings described in subsection (b).

6 (b) An advisory commission may adopt a resolution designating
 7 a particular area as a district only after finding all of the following:

8 (1) The area contains a building or buildings:

9 (A) with at least one million (1,000,000) square feet of
 10 usable interior floor space; and

11 (B) that is vacant or will become vacant due to the
 12 relocation of an employer.

13 (2) At least one thousand (1,000) fewer persons are employed
 14 in the area than were employed in the area during the year
 15 that is ten (10) years previous to the current year.

16 (3) There are significant obstacles to redevelopment of the
 17 area due to any of the following problems:

18 (A) Obsolete or inefficient buildings.

19 (B) Aging infrastructure or inefficient utility services.

20 (C) Utility relocation requirements.

21 (D) Transportation or access problems.

22 (E) Topographical obstacles to redevelopment.

23 (F) Environmental contamination.

24 (4) The unit has expended, appropriated, pooled, set aside, or
 25 pledged at least one hundred thousand dollars (\$100,000) for
 26 purposes of addressing the redevelopment obstacles described
 27 in subdivision (3).

28 (c) The advisory commission shall designate the duration of the
 29 district, but the duration may not exceed fifteen (15) years (at the
 30 time of designation).

31 (d) Upon adoption of a resolution designating a district, the
 32 advisory commission shall submit the resolution to the budget
 33 committee for review and recommendation to the budget agency.
 34 The budget committee shall meet not later than ten (10) days after
 35 receipt of a resolution and shall make a recommendation on the
 36 resolution to the budget agency.

37 (e) When considering a resolution, the budget committee and
 38 the budget agency must make the following findings:

39 (1) The area to be designated as a district meets the conditions
 40 necessary for designation as a district.

41 (2) The designation of the district will benefit the people of
 42 Indiana by protecting or increasing state and local tax bases

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and tax revenues for at least the duration of the district.
(f) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the budget agency approves the resolution.

SECTION 17. IC 36-7-13-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 13.** (a) If an advisory commission on industrial development designates a district under section 12 of this chapter, the advisory commission shall send a certified copy of the resolution designating the district to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:

- (1) Employers in the district.
- (2) Street names and the range of street numbers of each street in the district.

The advisory commission shall update the list before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the resolution designating a district, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

SECTION 18. IC 36-7-13-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 14.** Before the first business day in October of each year, the department shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each district designated under this chapter.

SECTION 19. IC 36-7-13-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 15.** (a) If an advisory commission on industrial development designates a district under this chapter, the treasurer of state shall establish an incremental tax financing fund for the county. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the county under subsection (a):

- (1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes

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- 1 **deposited equals the gross retail incremental amount for the**
- 2 **district.**
- 3 **(2) The aggregate amount of state and local income taxes paid**
- 4 **by employees employed in the district with respect to wages**
- 5 **earned for work in the district, until the amount of state and**
- 6 **local income taxes deposited equals the income tax**
- 7 **incremental amount.**
- 8 **(c) The aggregate amount of revenues that is:**
- 9 **(1) attributable to:**
 - 10 **(A) the state gross retail and use taxes established under**
 - 11 **IC 6-2.5;**
 - 12 **(B) the gross income tax established under IC 6-2.1;**
 - 13 **(C) the adjusted gross income tax established under**
 - 14 **IC 6-3-1 through IC 6-3-7; and**
 - 15 **(D) the supplemental net income tax established under**
 - 16 **IC 6-3-8; and**
- 17 **(2) deposited during any state fiscal year in each incremental**
- 18 **tax financing fund established for a county;**
- 19 **may not exceed one million dollars (\$1,000,000) per county.**
- 20 **(d) On or before the twentieth day of each month, all amounts**
- 21 **held in the incremental tax financing fund established for a county**
- 22 **shall be distributed to the district's advisory commission on**
- 23 **industrial development for deposit in the industrial development**
- 24 **fund of the unit that requested designation of the district.**
- 25 **SECTION 20. IC 36-7-13-16 IS ADDED TO THE INDIANA**
- 26 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
- 27 **[EFFECTIVE JULY 1, 1998]: Sec. 16. (a) A unit may issue bonds or**
- 28 **other obligations to finance the costs of addressing the**
- 29 **development obstacles described in section 12(b)(3) of this chapter**
- 30 **in the district.**
- 31 **(b) The district bonds are special obligations of indebtedness of**
- 32 **the district. The district bonds issued under this section, and**
- 33 **interest on the district bonds, are payable solely out of amounts**
- 34 **deposited in the industrial development fund under this chapter.**
- 35 **SECTION 21. IC 36-7-13-17 IS ADDED TO THE INDIANA**
- 36 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
- 37 **[EFFECTIVE JULY 1, 1998]: Sec. 17. Money in the industrial**
- 38 **development fund may be pledged by an advisory commission to**
- 39 **the following purposes:**
 - 40 **(1) To pay debt service on bonds or other obligations issued**
 - 41 **under this chapter.**
 - 42 **(2) To establish and maintain a debt service reserve**

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established by the advisory commission.

SECTION 22. IC 36-7-13-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 18. (a) As used in this section, "developer" means a person that:**

- (1) proposes to enter into, or has entered into, a financing agreement with a unit for the development or redevelopment of a facility located in a district; and
- (2) has entered into a separate agreement with some other person for the use or operation of the financed facility.

(b) A unit may establish goals or benchmarks concerning the development or redevelopment of property by a developer. The unit may provide that a developer that meets or exceeds the goals or benchmarks shall be paid a specified fee from the industrial development fund.

SECTION 23. IC 36-7-13-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 19. When the advisory commission determines that the purposes for which a district was established have been accomplished and that all bonds or other obligations issued under this chapter and all interest on those bonds or obligations have been fully paid, the advisory commission shall adopt a resolution terminating the district. If an advisory commission adopts a resolution under this section, the advisory commission shall send a certified copy of the resolution by certified mail to the department.**

SECTION 24. IC 36-7-13-20 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 20. The general assembly covenants that this chapter will not be repealed or amended in a manner that will adversely affect the owner of bonds or other obligations issued under this chapter.**

SECTION 25. [EFFECTIVE JANUARY 1, 1999] **IC 6-3.1-19, as added by this act, applies only to taxable years beginning after December 31, 1998.**

SECTION 26. [EFFECTIVE UPON PASSAGE] **IC 6-3.1-11.5, as added by this act, applies only to taxable years beginning after December 31, 1997.**

SECTION 27. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1319, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 22, nays 1.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1319 be amended to read as follows:

Page 7, line 21, after "(500)" insert "and no more than seven hundred fifty (750)".

Page 7, between lines 37 and 38, begin a new paragraph and insert:
(c) The Advisory Commission shall designate the duration of the zone but not to exceed fifteen (15) years (at the time of designation).

(Reference is to House Bill 1319 as printed January 27, 1998.)

BALES

HOUSE MOTION

Mr. Speaker: I move that House Bill 1319 be amended to read as follows:

Page 2, line 24, delete "located in a community revitalization enhancement district." and insert "**redeveloped or rehabilitated under section 2 of this chapter.**".

(Reference is to House Bill 1319 as printed January 27, 1998.)

BALES

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred House Bill 1319, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-6.1-2, AS AMENDED BY P.L.14-1997, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The board has the following powers, in addition to other powers which are contained in this chapter:

- (1) To review and approve or reject all applicants for enterprise zone designation, according to the criteria for designation which this chapter provides.
- (2) To waive or modify rules as provided in this chapter.
- (3) To provide a procedure by which enterprise zones may be monitored and evaluated on an annual basis.
- (4) To adopt rules for the disqualification of a zone business from eligibility for any or all incentives available to zone businesses, if that zone business does not do one (1) of the following:
 - (A) If all of its incentives, as contained in the summary required under section 2.5 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the board in an amount equal to one percent (1%) of all of its incentives.
 - (B) Use all of its incentives, except for the amount of registration fee, for its property or employees in the zone.
 - (C) Remain open and operating as a zone business for twelve (12) months of the assessment year for which the incentive is claimed.
- (5) To disqualify a zone business from eligibility for any or all incentives available to zone businesses in accordance with the procedures set forth in the board's rules.
- (6) After a recommendation from an urban enterprise association, to modify an enterprise zone boundary if the board determines that the modification:
 - (A) is in the best interests of the zone; and
 - (B) meets the threshold criteria and factors set forth in section 3 of this chapter.
- (7) To employ staff and contract for services.
- (8) To receive funds from any source and expend these funds for the administration and promotion of the enterprise zone program.

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(9) To make determinations under IC 6-3.1-11 concerning the designation of locations as industrial recovery sites and the availability of the credit provided by IC 6-1.1-20.7 to persons owning inventory located on an industrial recovery site.

(10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11 concerning the disqualification of persons from claiming credits provided by those chapters in appropriate cases.

(11) To make determinations under IC 6-3.1-11.5 concerning the designation of locations as military base recovery sites and the availability of the credit provided by IC 6-3.1-11.5 to persons making qualified investments in military base recovery sites.

(12) To make determinations under IC 6-3.1-11.5 concerning the disqualification of persons from claiming the credit provided by IC 6-3.1-11.5 in appropriate cases.

(b) In addition to a registration fee paid under subsection (a)(4), each zone business that receives a credit under this chapter shall assist the zone urban enterprise association created under section 4 of this chapter in an amount determined by the legislative body of the municipality in which the zone is located. If a zone business does not assist an urban enterprise association, the legislative body of the municipality in which the zone is located may pass an ordinance disqualifying a zone business from eligibility for all credits or incentives available to zone businesses. If a legislative body disqualifies a zone business under this subsection, the legislative body shall notify the board, the state board of tax commissioners, and the department of state revenue in writing within thirty (30) days of the passage of the ordinance disqualifying the zone business. Disqualification of a zone business under this section is effective beginning with the taxable year in which the ordinance disqualifying the zone business is passed.

SECTION 2. IC 6-3.1-11.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 11.5. Military Base Recovery Tax Credit

Sec. 1. As used in this chapter, "applicable percentage" means the percentage determined as follows:

(1) If a building that is located on a military base recovery site was placed in service at least twenty (20) years ago but less than thirty (30) years ago, the applicable percentage is fifteen percent (15%).

(2) If a building that is located on a military base recovery site

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was placed in service at least thirty (30) years ago but less than forty (40) years ago, the applicable percentage is twenty percent (20%).

(3) If a building that is located on a military base recovery site was placed in service at least forty (40) years ago, the applicable percentage is twenty-five percent (25%).

The time that has expired since a building was placed in service shall be determined as of the date that an application is filed with the board for designation of the location as a military base recovery site under this chapter.

Sec. 2. As used in this chapter, "board" refers to the enterprise zone board created under IC 4-4-6.1.

Sec. 3. As used in this chapter, "executive" has the meaning set forth in IC 36-1-2-5.

Sec. 4. As used in this chapter, "facility" means a building that:

(1) is used, or designed and constructed for use, for training, housing, supplying, military readiness or other military activities, or for the support of military activities, military personnel and their dependents, including retired or reserve military personnel; and

(2) has a minimum floor space of:

(A) twenty thousand (20,000) square feet, if the facility is located in an economic development area established under IC 36-7-14.5-12.5; or

(B) one hundred thousand (100,000) square feet, if the facility is located in a military base reuse area established under IC 36-7-30.

Sec. 5. As used in this chapter, "floor space" means the usable interior floor space of a building.

Sec. 6. As used in this chapter, "legislative body" has the meaning set forth in IC 36-1-2-9.

Sec. 7. As used in this chapter, "military base recovery site" means a military base recovery site designated under this chapter.

Sec. 8. As used in this chapter, "municipality" has the meaning set forth in IC 36-1-2-11.

Sec. 8.5. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 9. As used in this chapter, "placed in service" means that

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property is placed in a condition or state of readiness and availability for a specifically assigned function.

Sec. 10. As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures after December 31, 1997, for rehabilitation of property located within a military base recovery site under a plan contained in an application approved by the board under section 20 of this chapter. An expenditure for purposes or by persons not covered by such a plan is not a qualified investment.

Sec. 11. As used in this chapter, "redevelopment authority" means a redevelopment authority established under IC 36-7-14.5-12.5.

Sec. 12. As used in this chapter, "rehabilitation" means the remodeling, repair, or betterment of real property in any manner or any enlargement or extension of real property.

Sec. 13. As used in this chapter, "reuse authority" refers to a military base reuse authority established under IC 36-7-30.

Sec. 14. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (3) IC 6-3-8 (the supplemental net income tax);
- (4) IC 6-5-10 (the bank tax);
- (5) IC 6-5-11 (the savings and loan association tax);
- (6) IC 27-1-18-2 (the insurance premiums tax); and
- (7) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 15. As used in this chapter, "taxpayer" means an individual, corporation, limited liability company, partnership, or other entity that has any state tax liability and that is the owner or developer of a military base recovery site. The term includes a lessee that is assigned some part of a credit under section 18(c) of this chapter.

Sec. 16. As used in this chapter, "vacant" means, with respect to a building, that at least seventy-five percent (75%) of the building placed in service is not used for training, housing, supplying, military readiness, or other military activities, or for the support of military activities, military personnel, and their dependents, including retired or reserve military personnel.

Sec. 17. As used in this chapter, "vacant military base facility"

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means a facility that:

(1) is located in:

(A) an economic development area established under IC 36-7-14.5-12.5; or

(B) a military base reuse area established under IC 36-7-30;

(2) was placed in service at least twenty (20) years ago; and

(3) has been vacant for two (2) or more years.

However, subdivision (3) does not apply to a facility that is owned by a municipality, a county, a military base reuse authority, or a redevelopment authority.

Sec. 18. (a) Subject to section 23 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is the qualified investment made by the taxpayer during the taxable year multiplied by the applicable percentage.

(c) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to a lessee of the military base recovery site. A credit that is assigned under this subsection remains subject to this chapter.

(d) An assignment under subsection (c) must be in writing and both the taxpayer and the lessee must report the assignment on their state tax return for the year in which the assignment is made, in the manner prescribed by the department of state revenue. The taxpayer shall not receive value in connection with the assignment under subsection (c) that exceeds the value of the part of the credit assigned.

Sec. 19. (a) If the amount determined under section 18(b) of this chapter for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the immediately following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 20. (a) After approval by ordinance or resolution of the legislative body, the executive of a municipality may submit an application to the board requesting that a vacant military base facility within the municipality be designated as a military base

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recovery site.

(b) After approval by resolution of the legislative body, the executive of a county may submit an application to the board requesting that a vacant military base facility within the county, but not within any municipality, be designated as a military base recovery site.

(c) In addition to any other information required by the board, an application submitted under this section must include:

- (1) a description of the plan proposed for development and use of the vacant military base facility; and
- (2) the maximum amount of qualified investment for which a credit will be available under this chapter.

(d) If the property described in the application submitted to the board meets the definition of a vacant military base facility as of the date of filing of the application, the board shall:

- (1) evaluate the application;
- (2) arrive at a decision based on the factors set forth in section 21 of this chapter; and
- (3) either designate the property as a military base recovery site or reject the application.

(e) If the board determines that a substantial reduction or cessation of operations at a military base in Indiana after January 1, 1987, has created a vacant military base facility, the facility may be designated as a military base recovery site only if it has been donated or sold to a municipality, a county, a reuse authority, or a redevelopment authority. Such a facility may be designated as a military base recovery site, whether it is owned by the municipality, a county, a reuse authority, or a redevelopment authority or by a taxpayer who acquired it from the municipality, a county, a reuse authority, or a redevelopment authority after the donation or sale.

Sec. 21. The board shall consider the following factors in evaluating applications filed under this chapter:

- (1) The level of distress in the surrounding community caused by the loss of jobs at the vacant military base facility.
- (2) The desirability of the intended use of the vacant military base facility under the plan proposed for the development and use of the vacant military base facility and the likelihood that the implementation of the plan will improve the economic and employment conditions in the surrounding community.
- (3) Evidence of support for the designation by residents, businesses, and private organizations in the surrounding



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community.

(4) Evidence of a commitment by private or governmental entities to provide financial assistance in implementing the plan for the development and use of the vacant military base facility, including the application of IC 36-7-12, IC 36-7-13, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, or IC 36-7-30 to assist in the financing of improvements or redevelopment activities benefiting the vacant military base facility.

(5) Evidence of efforts to implement the proposed plan without additional financial assistance from the state.

(6) Whether the proposed military base recovery site is within an economic revitalization area designated under IC 6-1.1-12.1.

(7) Whether action has been taken by the legislative body of the municipality or county having jurisdiction over the proposed military base recovery site to establish an enterprise zone under IC 4-4-6.1-3(g).

Sec. 22. The board may provide that the military base recovery site designation is contingent on the development and use of the vacant military base facility in substantial compliance with the plan described in the application submitted under section 20 of this chapter. The board may revoke its approval of a military base recovery site designation for failure to comply with these conditions.

Sec. 23. A taxpayer is not entitled to claim the credit provided by this chapter to the extent that the taxpayer substantially reduces or ceases its operations in Indiana in order to relocate its operations within the military base recovery site. A determination that a taxpayer is not entitled to the credit provided by this chapter as a result of a substantial reduction or cessation of operations applies to credits that would otherwise arise in the taxable year in which the substantial reduction or cessation occurs and in all subsequent years. Determinations under this section shall be made by the board.

Sec. 24. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

- (1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.
- (2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.
- (3) Against the taxpayer's supplemental net income tax



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liability (IC 6-3-8) for the taxable year.

(4) Against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.

(5) Against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(6) Against the taxpayer's financial institutions tax (IC 6-5.5) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

Sec. 25. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue the certification of the board stating the percentage of credit allowable under this chapter and all other information that the department determines is necessary for the calculation of the credit provided by this chapter and for the determination of whether an expenditure was for a qualified investment.

Sec. 26. (a) If a pass through entity is entitled to a credit under this chapter but does not have state tax liability against which the credit may be applied, an individual who is a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

- (1) the credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributable income to which the individual is entitled.

(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same investment."

Page 7, line 18, delete ":" and insert "a building or buildings:

- (A) with at least one million (1,000,000) square feet of



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usable interior floor space; and

(B) that is vacant or will become vacant due to the relocation of an employer."

Page 7, delete lines 19 through 23.

Page 7, line 39, delete "Advisory Commission" and insert "**advisory commission**".

Page 7, line 40, delete "zone" and insert "**district**".

Page 7, line 40, after "but" insert "**the duration may**".

Page 7, line 40, delete "to".

Page 7, between lines 41 and 42, begin a new paragraph and insert:

"(d) Upon adoption of a resolution designating a district, the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. The budget committee shall meet not later than ten (10) days after receipt of a resolution and shall make a recommendation on the resolution to the budget agency.

(e) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(f) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the budget agency approves the resolution."

Page 8, line 6, delete "." and insert "**and shall include with the resolution a complete list of the following:**

(1) Employers in the district.

(2) Street names and the range of street numbers of each street in the district.

The advisory commission shall update the list before July 1 of each year."

Page 8, delete lines 26 through 42, begin a new paragraph and insert:

"(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the county under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the

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district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5;

(B) the gross income tax established under IC 6-2.1;

(C) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

(D) the supplemental net income tax established under IC 6-3-8; and

(2) deposited during any state fiscal year in each incremental tax financing fund established for a county;

may not exceed one million dollars (\$1,000,000) per county.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a county shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district."

Page 9, delete lines 1 through 12.

Page 10, after line 23, begin a new paragraph and insert:

"SECTION 26. [EFFECTIVE UPON PASSAGE] IC 6-3.1-11.5, as added by this act, applies only to taxable years beginning after December 31, 1997.

SECTION 27. An emergency is declared for this act."

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to House Bill 1319 as reprinted January 30, 1998.)

BORST, Chairperson

Committee Vote: Yeas 12, Nays 0.

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