
ENGROSSED HOUSE BILL No. 1319

DIGEST OF HB 1319 (Updated February 23, 1998 9:08 pm - 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 Monroe County or a municipality in Monroe 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; (4) the unit has expended, appropriated, or pledged at least
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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.
February 23, 1998, read second time, amended, ordered engrossed.

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\$100,000 for purposes of addressing the redevelopment obstacles; and (5) the area is located in Monroe County. 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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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.

HOUSE ENROLLED ACT No. 1319

AN ACT to amend the Indiana Code concerning economic development.

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

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.

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(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.

(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

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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 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.



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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 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" 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



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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 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

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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 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



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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 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



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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.

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

Chapter 19. Community Revitalization Enhancement District Tax Credit

Sec. 1. As used in this chapter, "state and local tax liability" means a taxpayer's total tax liability 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 6-3.5-1.1 (county adjusted gross income tax);
- (5) IC 6-3.5-6 (county option income tax);
- (6) IC 6-3.5-7 (county economic development income tax);
- (7) IC 6-5-10 (the bank tax);
- (8) IC 6-5-11 (the savings and loan association tax);
- (9) IC 6-5.5 (the financial institutions tax); and
- (10) IC 27-1-18-2 (the insurance premiums tax);

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

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

- (1) for redevelopment or rehabilitation of property located within a community revitalization enhancement district designated under IC 36-7-13;
- (2) made under a plan adopted by an advisory commission on industrial development under IC 36-7-13; and
- (3) approved by the department of commerce before the expenditure is made.



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Sec. 3. (a) Subject to section 5 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state and local 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 twenty-five percent (25%).

(c) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to a lessee of property redeveloped or rehabilitated under section 2 of this chapter. 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. The taxpayer may not receive value in connection with the assignment under subsection (c) that exceeds the value of the part of the credit assigned.

Sec. 4. If the amount of the credit determined under section 3 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. A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 5. (a) Except as provided in subsection (b), 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 them within the district.

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

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

(c) 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

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occurs and in all subsequent years. Determinations under this section shall be made by the department of state revenue.

Sec. 6. To receive the credit provided by this section, 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 all 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.

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

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

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

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

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

SECTION 7. IC 36-7-13-3.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 3.2.** As used in this chapter, "income tax base period amount" means the aggregate amount of state and local income taxes paid by employees employed in the territory comprising a district with respect to wages and salary earned for work in the district for the state fiscal year that precedes the date on which an advisory commission on industrial development adopted a resolution designating the district.



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

- (1) the aggregate amount of state and local income taxes paid by employees employed in a district with respect to wages earned for work in the district for a particular state fiscal year; minus
- (2) the income tax base period amount;

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

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

- (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 6-3.5-1.1 (county adjusted gross income tax).
- (5) IC 6-3.5-6 (county option income tax).
- (6) IC 6-3.5-7 (county economic development income tax).

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

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

SECTION 11. IC 36-7-13-4, AS AMENDED BY P.L.6-1997, SECTION 208 (DELAYED VERSION), IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: **Sec. 4. (a) To provide money for the purposes set forth in section 3 of this chapter, the unit**



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shall create a special revolving fund to be known as the industrial development fund, into which any available and unappropriated money of the unit may be transferred by the unit's legislative body.

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

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

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

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

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

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

SECTION 13. IC 36-7-13-9 IS AMENDED TO READ AS



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FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. When the purposes for which the industrial development fund was established have been accomplished **and all districts designated by the unit have been terminated under section 19 of this chapter**, the balance remaining in that fund shall be transferred to the general fund of the unit and the authority for the levy of the tax provided by section 4 of this chapter ceases.

SECTION 14. IC 36-7-13-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 10. (a) After approval by ordinance or resolution of the legislative body of a municipality located in a county having a population of more than one hundred eight thousand nine hundred fifty (108,950) but less than one hundred twelve thousand (112,000), the executive of the municipality may submit an application to an advisory commission on industrial development requesting that an area within the municipality be designated as a district.**

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

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

- (1) Compile information necessary to make a determination concerning whether the area meets the conditions necessary for designation as a district.**
- (2) Prepare maps showing the boundaries of the proposed district.**
- (3) Prepare a plan describing the ways in which the development obstacles described in section 12(b)(3) of this chapter in the proposed district will be addressed.**

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

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

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

- (1) The area contains a building or buildings:
 - (A) with at least one million (1,000,000) square feet of usable interior floor space; and
 - (B) that is vacant or will become vacant due to the relocation of an employer.
- (2) At least one thousand (1,000) fewer persons are employed in the area than were employed in the area during the year that is ten (10) years previous to the current year.
- (3) There are significant obstacles to redevelopment of the area due to any of the following problems:
 - (A) Obsolete or inefficient buildings.
 - (B) Aging infrastructure or inefficient utility services.
 - (C) Utility relocation requirements.
 - (D) Transportation or access problems.
 - (E) Topographical obstacles to redevelopment.
 - (F) Environmental contamination.
- (4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars (\$100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).
- (5) The area is located in a county having a population of more than one hundred eight thousand nine hundred fifty (108,950) but less than one hundred twelve thousand (112,000).

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

(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



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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.

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):



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(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 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.

SECTION 20. IC 36-7-13-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 16. (a) A unit may issue bonds or other obligations to finance the costs of addressing the development obstacles described in section 12(b)(3) of this chapter in the district.**

(b) The district bonds are special obligations of indebtedness of the district. The district bonds issued under this section, and interest on the district bonds, are payable solely out of amounts deposited in the industrial development fund under this chapter.

SECTION 21. IC 36-7-13-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 17. Money in the industrial development fund may be pledged by an advisory commission to the following purposes:**

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(1) To pay debt service on bonds or other obligations issued under this chapter.

(2) To establish and maintain a debt service reserve 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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