

# HOUSE BILL No. 1319

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-19; IC 36-7-13.

**Synopsis:** Community revitalization enhancement districts. 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 or at least 500 acres of property zoned for industrial use; (2) at least 1,000 fewer persons are employed in the area than were employed  
(Continued next page)

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

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**Bales, Kruzan, Tincher, Stevenson**

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January 13, 1998, read first time and referred to Committee on Ways and Means.

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Digest Continued

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 addressing the redevelopment obstacles. 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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Introduced

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 BILL No. 1319

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

4 **Chapter 19. Community Revitalization Enhancement District**  
5 **Tax Credit**

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

- 8 (1) IC 6-2.1 (the gross income tax);  
9 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);  
10 (3) IC 6-3-8 (the supplemental net income tax);  
11 (4) IC 6-3.5-1.1 (county adjusted gross income tax);  
12 (5) IC 6-3.5-6 (county option income tax);  
13 (6) IC 6-3.5-7 (county economic development income tax);  
14 (7) IC 6-5-10 (the bank tax);  
15 (8) IC 6-5-11 (the savings and loan association tax);



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

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

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

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

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

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

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

22           (c) A taxpayer may assign any part of the credit to which the  
23 taxpayer is entitled under this chapter to a lessee of property  
24 located in a community revitalization enhancement district. A  
25 credit that is assigned under this subsection remains subject to this  
26 chapter.

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

34           Sec. 4. If the amount of the credit determined under section 3 of  
35 this chapter for a taxable year exceeds the taxpayer's state tax  
36 liability for that taxable year, the taxpayer may carry the excess  
37 over to the immediately following taxable years. The amount of the  
38 credit carryover from a taxable year shall be reduced to the extent  
39 that the carryover is used by the taxpayer to obtain a credit under  
40 this chapter for any subsequent taxable year. A taxpayer is not  
41 entitled to a carryback or refund of any unused credit.

42           Sec. 5. (a) Except as provided in subsection (b), a taxpayer is not

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1 entitled to claim the credit provided by this chapter to the extent  
 2 that the taxpayer substantially reduces or ceases its operations in  
 3 Indiana in order to relocate them within the district.

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

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

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

17 **Sec. 6.** To receive the credit provided by this section, a taxpayer  
 18 must claim the credit on the taxpayer's annual state tax return or  
 19 returns in the manner prescribed by the department of state  
 20 revenue. The taxpayer shall submit to the department of state  
 21 revenue all information that the department determines is  
 22 necessary for the calculation of the credit provided by this chapter  
 23 and for the determination of whether an expenditure was for a  
 24 qualified investment.

25 SECTION 2. IC 36-7-13-1.6 IS ADDED TO THE INDIANA CODE  
 26 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 27 1, 1998]: **Sec. 1.6.** As used in this chapter, "district" refers to a  
 28 community revitalization enhancement district designated under  
 29 section 12 of this chapter.

30 SECTION 3. IC 36-7-13-2.4 IS ADDED TO THE INDIANA CODE  
 31 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 32 1, 1998]: **Sec. 2.4.** As used in this chapter, "gross retail base period  
 33 amount" means the aggregate amount of state gross retail and use  
 34 taxes remitted under IC 6-2.5 by the businesses operating in the  
 35 territory comprising a district during the full state fiscal year that  
 36 precedes the date on which an advisory commission on industrial  
 37 development adopted a resolution designating the district.

38 SECTION 4. IC 36-7-13-2.6 IS ADDED TO THE INDIANA CODE  
 39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 40 1, 1998]: **Sec. 2.6.** As used in this chapter, "gross retail incremental  
 41 amount" means the remainder of:

- 42 (1) the aggregate amount of state gross retail and use taxes

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1           that are remitted under IC 6-2.5 by businesses operating in a  
 2           district during a state fiscal year; minus  
 3           (2) the gross retail base period amount;  
 4           as determined by the department of state revenue under section 14  
 5           of this chapter.

6           SECTION 5. IC 36-7-13-3.2 IS ADDED TO THE INDIANA CODE  
 7           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 8           1, 1998]: Sec. 3.2. As used in this chapter, "income tax base period  
 9           amount" means the aggregate amount of state and local income  
 10          taxes paid by employees employed in the territory comprising a  
 11          district with respect to wages and salary earned for work in the  
 12          district for the state fiscal year that precedes the date on which an  
 13          advisory commission on industrial development adopted a  
 14          resolution designating the district.

15          SECTION 6. IC 36-7-13-3.4 IS ADDED TO THE INDIANA CODE  
 16          AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 17          1, 1998]: Sec. 3.4. As used in this chapter, "income tax incremental  
 18          amount" means the remainder of:

19           (1) the aggregate amount of state and local income taxes paid  
 20           by employees employed in a district with respect to wages  
 21           earned for work in the district for a particular state fiscal  
 22           year; minus

23           (2) the income tax base period amount;  
 24           as determined by the department of state revenue under section 14  
 25           of this chapter.

26          SECTION 7. IC 36-7-13-3.8 IS ADDED TO THE INDIANA CODE  
 27          AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 28          1, 1998]: Sec. 3.8. As used in this chapter, "state and local income  
 29          taxes" means taxes imposed under any of the following:

- 30           (1) IC 6-2.1 (the gross income tax).  
 31           (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).  
 32           (3) IC 6-3-8 (the supplemental net income tax).  
 33           (4) IC 6-3.5-1.1 (county adjusted gross income tax).  
 34           (5) IC 6-3.5-6 (county option income tax).  
 35           (6) IC 6-3.5-7 (county economic development income tax).

36          SECTION 8. IC 36-7-13-4, AS AMENDED BY P.L.262-1993,  
 37          SECTION 3 (CURRENT VERSION), IS AMENDED TO READ AS  
 38          FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 4. (a) To provide  
 39          money for the purposes set forth in section 3 of this chapter, the unit  
 40          shall create a special revolving fund to be known as the industrial  
 41          development fund, into which any available and unappropriated money  
 42          of the unit may be transferred by the unit's legislative body.



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

11 SECTION 9. IC 36-7-13-4, AS AMENDED BY P.L.6-1997,  
 12 SECTION 208 (DELAYED VERSION), IS AMENDED TO READ AS  
 13 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 4. (a) To provide  
 14 money for the purposes set forth in section 3 of this chapter, the unit  
 15 shall create a special revolving fund to be known as the industrial  
 16 development fund, into which any available and unappropriated money  
 17 of the unit may be transferred by the unit's legislative body.

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

28 SECTION 10. IC 36-7-13-5, AS AMENDED BY P.L.1-1994,  
 29 SECTION 175, IS AMENDED TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) In order to coordinate the  
 31 efforts of the unit and any private industrial development committee in  
 32 the community, an advisory commission on industrial development  
 33 shall be appointed by the unit's executive.

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

42 (c) The unit's legislative body shall request the commission's



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1 recommendations. The legislative body may not conduct any business  
 2 requiring expenditures from the industrial development fund or make  
 3 any sale or lease of property acquired by the unit under this chapter  
 4 without the approval, in writing, of a majority of the members of the  
 5 commission.

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

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

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

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

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

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

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

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

40 **(1) Compile information necessary to make a determination**  
 41 **concerning whether the area meets the conditions necessary**  
 42 **for designation as a district.**



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1           (2) Prepare maps showing the boundaries of the proposed  
2           district.

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

6           SECTION 14. IC 36-7-13-12 IS ADDED TO THE INDIANA  
7           CODE AS A NEW SECTION TO READ AS FOLLOWS  
8           [EFFECTIVE JULY 1, 1998]: **Sec. 12. (a) If a municipal or county**  
9           **executive has submitted an application to an advisory commission**  
10           **on industrial development requesting that an area be designated as**  
11           **a district under this chapter and the advisory commission has**  
12           **compiled and prepared the information required under section 11**  
13           **of this chapter concerning the area, the advisory commission may**  
14           **adopt a resolution designating the area as a district if it makes the**  
15           **findings described in subsection (b).**

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

18           (1) The area contains:

19                   (A) a building or buildings with at least one million  
20                   (1,000,000) square feet of usable interior floor space; or

21                   (B) at least five hundred (500) acres of property zoned for  
22                   industrial use.

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

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

28                   (A) Obsolete or inefficient buildings.

29                   (B) Aging infrastructure or inefficient utility services.

30                   (C) Utility relocation requirements.

31                   (D) Transportation or access problems.

32                   (E) Topographical obstacles to redevelopment.

33                   (F) Environmental contamination.

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

38           SECTION 15. IC 36-7-13-13 IS ADDED TO THE INDIANA  
39           CODE AS A NEW SECTION TO READ AS FOLLOWS  
40           [EFFECTIVE JULY 1, 1998]: **Sec. 13. (a) If an advisory commission**  
41           **on industrial development designates a district under section 12 of**  
42           **this chapter, the advisory commission shall send a certified copy of**

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1 the resolution designating the district to the department of state  
2 revenue by certified mail.

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

7 SECTION 16. IC 36-7-13-14 IS ADDED TO THE INDIANA  
8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 1998]: **Sec. 14. Before the first business day**  
10 **in October of each year, the department shall calculate the income**  
11 **tax incremental amount and the gross retail incremental amount**  
12 **for the preceding state fiscal year for each district designated**  
13 **under this chapter.**

14 SECTION 17. IC 36-7-13-15 IS ADDED TO THE INDIANA  
15 CODE AS A NEW SECTION TO READ AS FOLLOWS  
16 [EFFECTIVE JULY 1, 1998]: **Sec. 15. (a) If an advisory commission**  
17 **on industrial development designates a district under this chapter,**  
18 **the treasurer of state shall establish an incremental tax financing**  
19 **fund for the county. The fund shall be administered by the**  
20 **treasurer of state. Money in the fund does not revert to the state**  
21 **general fund at the end of a state fiscal year.**

22 (b) Before July 2 of each calendar year, the department of state  
23 revenue, after reviewing the recommendation of the budget agency,  
24 shall estimate and certify to the advisory commission on industrial  
25 development the amount of the income tax incremental amount  
26 and the gross retail incremental amount that will be collected from  
27 the district during the twelve (12) month period beginning July 1  
28 of that calendar year and ending June 30 of the following calendar  
29 year. The amount certified shall be deposited into the fund and  
30 shall be distributed on the dates specified in subsection (e) for the  
31 following calendar year. The amount certified may be adjusted  
32 under subsection (c) or (d).

33 (c) The department of state revenue may certify an amount that  
34 is greater than the estimated twelve (12) month income tax  
35 incremental amount collection and gross retail incremental amount  
36 collection if the department, after reviewing the recommendation  
37 of the budget agency, determines that there will be a greater  
38 amount of incremental income tax revenue or incremental gross  
39 retail tax revenue available for distribution from the fund.

40 (d) The department of state revenue may certify an amount less  
41 than the estimated twelve (12) month incremental amount  
42 collection and gross retail incremental amount collection if the

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1 department, after reviewing the recommendation of the budget  
 2 agency, determines that a part of those collections needs to be  
 3 distributed during the current calendar year so that the county will  
 4 receive its full certified amount for the current calendar year.

5 (e) The auditor of state shall disburse a district's certified  
 6 amount to the district's advisory commission on industrial  
 7 development in equal semiannual installments on May 31 and  
 8 November 30 of each year.

9 SECTION 18. IC 36-7-13-16 IS ADDED TO THE INDIANA  
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 11 [EFFECTIVE JULY 1, 1998]: **Sec. 16. (a) A unit may issue bonds or**  
 12 **other obligations to finance the costs of addressing the**  
 13 **development obstacles described in section 12(b)(3) of this chapter**  
 14 **in the district.**

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

19 SECTION 19. IC 36-7-13-17 IS ADDED TO THE INDIANA  
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 21 [EFFECTIVE JULY 1, 1998]: **Sec. 17. Money in the industrial**  
 22 **development fund may be pledged by an advisory commission to**  
 23 **the following purposes:**

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

26 (2) To establish and maintain a debt service reserve  
 27 established by the advisory commission.

28 SECTION 20. IC 36-7-13-18 IS ADDED TO THE INDIANA  
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 1998]: **Sec. 18. (a) As used in this section,**  
 31 **"developer" means a person that:**

32 (1) proposes to enter into, or has entered into, a financing  
 33 agreement with a unit for the development or redevelopment  
 34 of a facility located in a district; and

35 (2) has entered into a separate agreement with some other  
 36 person for the use or operation of the financed facility.

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

42 SECTION 21. IC 36-7-13-19 IS ADDED TO THE INDIANA



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

11 SECTION 22. IC 36-7-13-20 IS ADDED TO THE INDIANA  
12 CODE AS A NEW SECTION TO READ AS FOLLOWS  
13 [EFFECTIVE JULY 1, 1998]: **Sec. 20.** The general assembly  
14 covenants that this chapter will not be repealed or amended in a  
15 manner that will adversely affect the owner of bonds or other  
16 obligations issued under this chapter.

17 SECTION 23. [EFFECTIVE JANUARY 1, 1999] **IC 6-3.1-19**, as  
18 added by this act, applies only to taxable years beginning after  
19 December 31, 1998.

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