



February 26, 1999

HOUSE BILL No. 1554

DIGEST OF HB 1554 (Updated February 24, 1999 2:06 pm - DI 58)

Citations Affected: IC 4-4; IC 6-1.1; IC 6-3.1; noncode.

Synopsis: Tax abatement; research and development incentives. Expands the definition of what expenditures are covered under the Indiana development finance authority law. Provides that property tax abatement deductions may be granted for any number of years less than or equal to ten years. (Current law limits the abatement deduction to three, six, or ten years for real property and five or ten years for personal property.) Provides that certain research and development equipment is eligible for property tax abatement deductions. Allows the abatement deduction for research and development equipment only if the equipment is used in a research and development facility engaged in activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products. Provides that the research expense credit against gross income taxes, adjusted gross income taxes, and supplemental corporate net income taxes
(Continued next page)

Effective: January 1, 1999 (retroactive); upon passage; July 1, 1999.

**Bauer, Bottorff, Hasler, Yount,
Scholer**

January 19, 1999, read first time and referred to Committee on Ways and Means.
February 25, 1999, amended, reported — Do Pass.

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Digest Continued

expires on December 31, 2004 (instead of December 31, 1999).
Increases the maximum amount of the research expense credit from 5%
to 6%.

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HB 1554—LS 8112/DI 44+



February 26, 1999

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

HOUSE BILL No. 1554

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and finance.

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

1 SECTION 1. IC 4-4-10.9-6.2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a)
3 "Educational facility project" includes:
4 (1) the acquisition of land, site improvements, infrastructure
5 improvements, buildings, or structures, the rehabilitation,
6 renovation, and enlargement of buildings and structures,
7 machinery, equipment, furnishings, or facilities (or any
8 combination of these):
9 (†) (A) comprising or being functionally related and
10 subordinate to any aquaria, botanical societies, historical
11 societies, libraries, museums, performing arts associations or
12 societies, scientific societies, zoological societies, and
13 independent elementary, secondary, or postsecondary schools
14 (or any combination of these) that engages in the cultural,
15 intellectual, scientific, educational, or artistic enrichment of

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1 the people of the state the development or expansion of which
 2 serves the purposes set forth in IC 4-4-11-2;

3 ~~(2)~~ (B) is not used or to be used primarily for sectarian
 4 instruction or study or as a place for devotional activities; and
 5 ~~(3)~~ (C) is not used or to be used primarily in connection with
 6 any part of the program of a school or department of divinity
 7 for any religious denomination.

8 **(2) funding (including a reimbursement or refinancing) by a**
 9 **nonprofit organization described in subsection (b) of:**

10 (A) real property;

11 (B) improvements;

12 (C) personal property;

13 (D) working capital;

14 (E) a liability; or

15 (F) a cost or other expenditure, other than an ordinary and
 16 recurring operating cost or expenditure.

17 (b) For purposes of subsection (a)(2), a nonprofit organization
 18 must be:

19 (1) qualified as tax-exempt under Section 501(c)(3) of the
 20 Internal Revenue Code; and

21 (2) have headquarters or a primary educational or exhibit
 22 facility located on property owned by or titled in the name of
 23 the state of Indiana or an agency, commission, or
 24 instrumentality of the state of Indiana that serves the
 25 purposes set forth in IC 4-4-11-2.

26 SECTION 2. IC 4-4-11-2 IS AMENDED TO READ AS FOLLOWS
 27 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The legislature makes the
 28 following findings of fact:

29 (1) That there currently exists in certain areas of the state critical
 30 conditions of unemployment or environmental pollution,
 31 including water pollution, air pollution, sewage and solid waste,
 32 radioactive waste, thermal pollution, radiation contamination, and
 33 noise pollution, and that these conditions may well exist, from
 34 time to time, in other areas of the state.

35 (2) That in some areas of the state such conditions are chronic and
 36 of long standing and that without remedial measures they may
 37 become so in other areas of the state.

38 (3) That economic insecurity due to unemployment or
 39 environmental pollution is a menace to the health, safety, morals,
 40 and general welfare of not only the people of the affected areas
 41 but of the people of the entire state.

42 (4) That involuntary unemployment and its resulting burden of

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1 indigency falls with crushing force upon the unemployed worker
 2 and ultimately upon the state in the form of public assistance and
 3 unemployment compensation.

4 (5) That security against unemployment and the resulting spread
 5 of indigency and economic stagnation in the areas affected can
 6 best be provided by:

- 7 (A) the promotion, attraction, stimulation, rehabilitation, and
 8 revitalization of industrial development projects, rural
 9 development projects, mining operations, and agricultural
 10 operations that involve the processing of agricultural products;
 11 (B) the promotion and stimulation of international exports; and
 12 (C) the education, both formal and informal, of people of all
 13 ages throughout the state by the promotion, attraction,
 14 construction, renovation, rehabilitation, and revitalization of
 15 **and assistance to** educational facility projects.

16 (6) That the present and prospective health, safety, morals, right
 17 to gainful employment, and general welfare of the people of the
 18 state require as a public purpose the abatement or control of
 19 pollution, the promotion of increased educational enrichment
 20 (including cultural, intellectual, scientific, or artistic
 21 opportunities) for people of all ages through new, expanded or
 22 revitalized educational facility projects, and the promotion of
 23 employment creation or retention through development of new
 24 and expanded industrial development projects, rural development
 25 projects, mining operations, and agricultural operations that
 26 involve the processing of agricultural products.

27 (7) That there is a need to stimulate a larger flow of private
 28 investment funds from commercial banks, investment bankers,
 29 insurance companies, other financial institutions, and individuals
 30 into such industrial development projects, rural development
 31 projects, mining operations, international exports, and agricultural
 32 operations that involve the processing of agricultural products in
 33 the state.

34 (8) That the authority can encourage the making of loans or leases
 35 for creation or expansion of industrial development projects, rural
 36 development projects, mining operations, international exports,
 37 and agricultural operations that involve the processing of
 38 agricultural products, thus putting a larger portion of the private
 39 capital available in Indiana for investment to use in the general
 40 economic development of the state.

41 (9) That the issuance of bonds of the authority to create a
 42 financing pool for industrial development projects promoting a

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1 substantial likelihood of opportunities for:

2 (A) gainful employment;

3 (B) business opportunities;

4 (C) educational enrichment (including cultural, intellectual,
5 scientific, or artistic opportunities);

6 (D) the abatement, reduction, or prevention of pollution; or

7 (E) the removal or treatment of any substances in materials
8 being processed that otherwise would cause pollution when
9 used;

10 will improve the health, safety, morals, and general welfare of the
11 people of the state and constitutes a public purpose for which the
12 authority shall exist and operate.

13 (10) That the issuance of bonds of the authority to create a
14 funding source for the making of guaranteed participating loans
15 will promote and encourage an expanding international exports
16 market and international exports sales and will promote the
17 general welfare of all of the people of Indiana by assisting Indiana
18 businesses through stimulation of the expansion of international
19 exports sales for Indiana products and services, especially those
20 of small and medium-sized businesses, by providing financial
21 assistance through the authority.

22 (b) The Indiana development finance authority shall exist and
23 operate for the public purposes of:

24 (1) promoting opportunities for gainful employment and business
25 opportunities by the promotion and development of industrial
26 development projects, rural development projects, mining
27 operations, international exports, and agricultural operations that
28 involve the processing of agricultural products, in any areas of the
29 state;

30 (2) promoting the educational enrichment (including cultural,
31 intellectual, scientific, or artistic opportunities) of all the people
32 of the state by the promotion and development of educational
33 facility projects;

34 (3) promoting affordable farm credit and agricultural loan
35 financing at interest rates that are consistent with the needs of
36 borrowers for farming and agricultural enterprises; and

37 (4) preventing and remediating environmental pollution,
38 including water pollution, air pollution, sewage and solid waste
39 disposal, radioactive waste, thermal pollution, radiation
40 contamination, and noise pollution affecting the health and well
41 being of the people of the state by the promotion and development
42 of industrial development projects.



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1 SECTION 3. IC 4-4-11-15 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The
3 authority is granted all powers necessary or appropriate to carry out and
4 effectuate its public and corporate purposes under this chapter,
5 IC 4-4-21, and IC 15-7-5, including but not limited to the following:

6 (1) Have perpetual succession as a body politic and corporate and
7 an independent instrumentality exercising essential public
8 functions.

9 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
10 bylaws, rules, and regulations not inconsistent with this chapter,
11 IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate
12 its affairs and to carry into effect the powers, duties, and purposes
13 of the authority and conduct its business.

14 (3) Sue and be sued in its own name.

15 (4) Have an official seal and alter it at will.

16 (5) Maintain an office or offices at a place or places within the
17 state as it may designate.

18 (6) Make and execute contracts and all other instruments
19 necessary or convenient for the performance of its duties and the
20 exercise of its powers and functions under this chapter, IC 4-4-21,
21 and IC 15-7-5.

22 (7) Employ architects, engineers, attorneys, inspectors,
23 accountants, agriculture experts, silviculture experts, aquaculture
24 experts, and financial experts, and such other advisors,
25 consultants, and agents as may be necessary in its judgment and
26 to fix their compensation.

27 (8) Procure insurance against any loss in connection with its
28 property and other assets, including loans and loan notes in
29 amounts and from insurers as it may consider advisable.

30 (9) Borrow money, make guaranties, issue bonds, and otherwise
31 incur indebtedness for any of the authority's purposes, and issue
32 debentures, notes, or other evidences of indebtedness, whether
33 secured or unsecured, to any person, as provided by this chapter,
34 IC 4-4-21, and IC 15-7-5.

35 (10) Procure insurance or guaranties from any public or private
36 entities, including any department, agency, or instrumentality of
37 the United States, for payment of any bonds issued by the
38 authority or for reinsurance on amounts paid from the industrial
39 development project guaranty fund, including the power to pay
40 premiums on any insurance or reinsurance.

41 (11) Purchase, receive, take by grant, gift, devise, bequest, or
42 otherwise, and accept, from any source, aid or contributions of

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1 money, property, labor, or other things of value to be held, used,
2 and applied to carry out the purposes of this chapter, IC 4-4-21,
3 and IC 15-7-5, subject to the conditions upon which the grants or
4 contributions are made, including but not limited to gifts or grants
5 from any department, agency, or instrumentality of the United
6 States, and lease or otherwise acquire, own, hold, improve,
7 employ, use, and otherwise deal in and with real or personal
8 property or any interest in real or personal property, wherever
9 situated, for any purpose consistent with this chapter, IC 4-4-21,
10 or IC 15-7-5.

11 (12) Enter into agreements with any department, agency, or
12 instrumentality of the United States or this state and with lenders
13 and enter into loan agreements, sales contracts, and leases with
14 contracting parties, including borrowers, lenders, developers, or
15 users, for the purpose of planning, regulating, and providing for
16 the financing and refinancing of any agricultural enterprise (as
17 defined in IC 15-7-4.9-2), rural development project (as defined
18 in IC 15-7-4.9-19.5), industrial development project, or
19 international exports, and distribute data and information
20 concerning the encouragement and improvement of agricultural
21 enterprises and agricultural employment, rural development
22 projects, industrial development projects, international exports,
23 and other types of employment in the state undertaken with the
24 assistance of the authority under this chapter.

25 (13) Enter into contracts or agreements with lenders and lessors
26 for the servicing and processing of loans and leases pursuant to
27 this chapter, IC 4-4-21, and IC 15-7-5.

28 (14) Provide technical assistance to local public bodies and to
29 profit and nonprofit entities in the development or operation of
30 agricultural enterprises, rural development projects, and industrial
31 development projects.

32 (15) To the extent permitted under its contract with the holders of
33 the bonds of the authority, consent to any modification with
34 respect to the rate of interest, time, and payment of any
35 installment of principal or interest, or any other term of any
36 contract, loan, loan note, loan note commitment, contract, lease,
37 or agreement of any kind to which the authority is a party.

38 (16) To the extent permitted under its contract with the holders of
39 bonds of the authority, enter into contracts with any lender
40 containing provisions enabling it to reduce the rental or carrying
41 charges to persons unable to pay the regular schedule of charges
42 when, by reason of other income or payment by any department,

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- 1 agency, or instrumentality of the United States of America or of
2 this state, the reduction can be made without jeopardizing the
3 economic stability of the agricultural enterprise, rural
4 development project, or industrial development project being
5 financed.
- 6 (17) Invest any funds not needed for immediate disbursement,
7 including any funds held in reserve, in direct and general
8 obligations of or obligations fully and unconditionally guaranteed
9 by the United States, obligations issued by agencies of the United
10 States, obligations of this state, or any obligations or securities
11 which may from time to time be legally purchased by
12 governmental subdivisions of this state pursuant to IC 5-13, or
13 any obligations or securities which are permitted investments for
14 bond proceeds or any construction, debt service, or reserve funds
15 secured under the trust indenture or resolution pursuant to which
16 bonds are issued.
- 17 (18) Collect fees and charges, as the authority determines to be
18 reasonable, in connection with its loans, guarantees, advances,
19 insurance, commitments, and servicing.
- 20 (19) Cooperate and exchange services, personnel, and information
21 with any federal, state, or local government agency, or
22 instrumentality of the United States or this state.
- 23 (20) Sell, at public or private sale, with or without public bidding,
24 any loan or other obligation held by the authority.
- 25 (21) Enter into agreements concerning, and acquire, hold, and
26 dispose by any lawful means, land or interests in land, building
27 improvements, structures, personal property, franchises, patents,
28 accounts receivable, loans, assignments, guarantees, and
29 insurance needed for the purposes of this chapter, IC 4-4-21, or
30 IC 15-7-5.
- 31 (22) Take assignments of accounts receivable, loans, guarantees,
32 insurance, notes, mortgages, security agreements securing notes,
33 and other forms of security, attach, seize, or take title by
34 foreclosure or conveyance to any industrial development project
35 when a guaranteed loan thereon is clearly in default and when in
36 the opinion of the authority such acquisition is necessary to
37 safeguard the industrial development project guaranty fund, and
38 sell, or on a temporary basis, lease, or rent such industrial
39 development project for any use.
- 40 (23) Expend money, as the authority considers appropriate, from
41 the industrial development project guaranty fund created by
42 section 16 of this chapter.

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- 1 (24) Purchase, lease as lessee, construct, remodel, rebuild,
 2 enlarge, or substantially improve industrial development projects,
 3 including land, machinery, equipment, or any combination
 4 thereof.
- 5 (25) Lease industrial development projects to users or developers,
 6 with or without an option to purchase.
- 7 (26) Sell industrial development projects to users or developers,
 8 for consideration to be paid in installments or otherwise.
- 9 (27) Make direct loans from the proceeds of the bonds to users or
 10 developers for:
- 11 (A) the cost of acquisition, construction, or installation of
 12 industrial development projects, including land, machinery,
 13 equipment, or any combination thereof; **or**
- 14 **(B) working capital expenditures for an educational facility**
 15 **project described in IC 4-4-10.9-6.2(a)(2);**
- 16 with the loans to be secured by the pledge of one (1) or more
 17 bonds, notes, warrants, or other secured or unsecured debt
 18 obligations of the users or developers.
- 19 (28) Lend or deposit the proceeds of bonds to or with a lender for
 20 the purpose of furnishing funds to such lender to be used for
 21 making a loan to a developer or user for the financing of industrial
 22 development projects under this chapter.
- 23 (29) Enter into agreements with users or developers to allow the
 24 users or developers, directly or as agents for the authority, to
 25 wholly or partially construct industrial development projects to be
 26 leased from or to be acquired by the authority.
- 27 (30) Establish reserves from the proceeds of the sale of bonds,
 28 other funds, or both, in the amount determined to be necessary by
 29 the authority to secure the payment of the principal and interest on
 30 the bonds.
- 31 (31) Adopt rules governing its activities authorized under this
 32 chapter, IC 4-4-21, and IC 15-7-5.
- 33 (32) Use the proceeds of bonds to make guaranteed participating
 34 loans.
- 35 (33) Purchase, discount, sell, and negotiate, with or without
 36 guaranty, notes and other evidences of indebtedness.
- 37 (34) Sell and guarantee securities.
- 38 (35) Make guaranteed participating loans under IC 4-4-21-26.
- 39 (36) Procure insurance to guarantee, insure, coinsure, and
 40 reinsure against political and commercial risk of loss, and any
 41 other insurance the authority considers necessary, including
 42 insurance to secure the payment of principal and interest on notes

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1 or other obligations of the authority.

2 (37) Provide performance bond guarantees to support eligible
3 export loan transactions, subject to the terms of this chapter or
4 IC 4-4-21.

5 (38) Provide financial counseling services to Indiana exporters.

6 (39) Accept gifts, grants, or loans from, and enter into contracts
7 or other transactions with, any federal or state agency,
8 municipality, private organization, or other source.

9 (40) Sell, convey, lease, exchange, transfer, or otherwise dispose
10 of property or any interest in property, wherever the property is
11 located.

12 (41) Cooperate with other public and private organizations to
13 promote export trade activities in Indiana.

14 (42) Make guarantees and administer the agricultural loan and
15 rural development project guarantee fund established by
16 IC 15-7-5.

17 (43) Take assignments of notes and mortgages and security
18 agreements securing notes and other forms of security, and attach,
19 seize, or take title by foreclosure or conveyance to any
20 agricultural enterprise or rural development project when a
21 guaranteed loan to the enterprise or rural development project is
22 clearly in default and when in the opinion of the authority the
23 acquisition is necessary to safeguard the agricultural loan and
24 rural development project guarantee fund, and sell, or on a
25 temporary basis, lease or rent the agricultural enterprise or rural
26 development project for any use.

27 (44) Expend money, as the authority considers appropriate, from
28 the agricultural loan and rural development project guarantee
29 fund created by IC 15-7-5-19.5.

30 (45) Reimburse from bond proceeds expenditures for industrial
31 development projects under this chapter.

32 (46) Do any act necessary or convenient to the exercise of the
33 powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or
34 reasonably implied from those statutes, including but not limited
35 to compliance with requirements of federal law imposed from
36 time to time for the issuance of bonds.

37 (b) The authority's powers under this chapter shall be interpreted
38 broadly to effectuate the purposes of this chapter and may not be
39 construed as a limitation of powers.

40 (c) This chapter does not authorize the financing of industrial
41 development projects for a developer unless any written agreement that
42 may exist between the developer and the user at the time of the bond

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1 resolution is fully disclosed to and approved by the authority.

2 SECTION 4. IC 4-4-11-17 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The
4 authority may enter into negotiations with one (1) or more persons
5 concerning the terms and conditions of financing agreements for
6 industrial development projects. The authority shall consider whether
7 a proposed industrial development project may have an adverse
8 competitive effect on similar industrial development projects already
9 constructed or operating in the local governmental unit where the
10 industrial development project will be located. Preliminary expenses
11 in connection with negotiations under this section may be paid from:

- 12 (1) money furnished by the proposed user or developer;
- 13 (2) money made available by the state or federal government, or
14 by any of their departments or agencies; or
- 15 (3) money of the authority, exclusive of the industrial
16 development project guaranty fund.

17 (b) The authority shall prepare a report that:

- 18 (1) briefly describes the proposed industrial development project;
- 19 (2) estimates the number and expense of public works or services
20 that would be made necessary or desirable by the proposed
21 industrial development project, including public ways, schools,
22 water, sewers, street lights, and fire protection;
- 23 (3) estimates the total costs of the proposed industrial
24 development project;
- 25 (4) for an industrial development project that is not exclusively
26 either a pollution control facility or an educational facility project,
27 estimates the number of jobs and the payroll to be created or
28 saved by the project;
- 29 (5) for pollution control facilities, describes the facilities and how
30 they will abate, reduce, or prevent pollution; and
- 31 (6) for educational facility projects, describes ~~the facilities and~~
32 how the ~~facilities promote~~ **project promotes** the educational
33 enrichment (including cultural, intellectual, scientific, or artistic
34 opportunities) of the people of the state.

35 The report shall be submitted to the executive director or chairman of
36 the plan commission, if any, having jurisdiction over the industrial
37 development project and, if the number of new jobs estimated exceeds
38 one hundred (100), to the superintendent of the school corporation
39 where the industrial development project will be located. The executive
40 director or chairman of the plan commission and the school
41 superintendent may formulate their written comments concerning the
42 report and transmit their comments, if any, to the authority within five

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1 (5) days from the receipt of the report.

2 (c) The authority shall hold a public hearing, which may be
3 conducted by the authority, or any officer, member, or agent designated
4 thereby, on the proposed financing agreement for the industrial
5 development project, after giving notice by publication in one (1)
6 newspaper of general circulation in the city, town, or county where the
7 industrial development project is to be located at least ten (10) days in
8 advance of this public hearing.

9 (d) If the authority finds that the industrial development project will
10 be of benefit to the health, safety, morals, and general welfare of the
11 area where the industrial development project is to be located, and
12 complies with the purposes and provisions of this chapter, it may by
13 resolution approve the proposed financing agreement. This resolution
14 may also authorize the issuance of bonds payable solely from revenues
15 and receipts derived from the financing agreement or from payments
16 made under an agreement to guarantee obligations of the developer, a
17 user, a related person, or the authority by a developer, a user, a related
18 person thereto, or the authority pursuant to the industrial development
19 project guaranty fund. The bonds are not in any respect a general
20 obligation of the state, nor are they payable in any manner from
21 revenues raised by taxation.

22 (e) A financing agreement approved under this section must provide
23 for payments in an amount sufficient to pay the principal of, premium,
24 if any, and interest on the bonds authorized for the financing of the
25 industrial development project. However, interest payments for the
26 anticipated construction period, plus a period of not more than one (1)
27 year, may be funded in the bond issue. The term of a financing
28 agreement may not exceed fifty (50) years from the date of any bonds
29 issued under the financing agreement. However, a financing agreement
30 does not terminate after fifty (50) years if a default under that financing
31 agreement remains uncured, unless the termination is authorized by the
32 terms of the financing agreement. If the authority retains an interest in
33 the industrial development project, the financing agreement must
34 require the user or the developer to pay all costs of maintenance, repair,
35 taxes, assessments, insurance premiums, trustee's fees, and any other
36 expenses relating to the industrial development projects, so that the
37 authority will not incur any expenses on account of the industrial
38 development projects other than those that are covered by the payments
39 provided for in the financing agreement.

40 SECTION 5. IC 6-1.1-12.1-1 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. For purposes of this
42 chapter:

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(1) "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. The term "economic revitalization area" also includes:

(A) any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues; and

(B) a residentially distressed area, except as otherwise provided in this chapter.

(2) "City" means any city in this state, and "town" means any town incorporated under IC 36-5-1.

(3) "New manufacturing equipment" means any tangible personal property which:

(A) was installed after February 28, 1983, and before January 1, 2006, in an area that is declared an economic revitalization area after February 28, 1983, in which a deduction for tangible personal property is allowed; ~~or~~

(B) is used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(C) was acquired by its owner for use as described in clause

(B) and was never before used by its owner for any purpose in Indiana.

However, notwithstanding any other law, the term includes tangible personal property that is used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products and was installed after March 1, 1993, and before March 2, 1996, even if the property was installed before the area where the property is located was designated as an economic revitalization area or the statement of benefits for the property was approved by the designating body.

(4) "Property" means a building or structure, but does not include land.

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- 1 (5) "Redevelopment" means the construction of new structures in
 2 economic revitalization areas, either:
 3 (A) on unimproved real estate; or
 4 (B) on real estate upon which a prior existing structure is
 5 demolished to allow for a new construction.
 6 (6) "Rehabilitation" means the remodeling, repair, or betterment
 7 of property in any manner or any enlargement or extension of
 8 property.
 9 (7) "Designating body" means the following:
 10 (A) For a county that does not contain a consolidated city, the
 11 fiscal body of the county, city, or town.
 12 (B) For a county containing a consolidated city, the
 13 metropolitan development commission.
 14 (8) "Deduction application" means either:
 15 (A) the application filed in accordance with section 5 of this
 16 chapter by a property owner who desires to obtain the
 17 deduction provided by section 3 of this chapter; or
 18 (B) the application filed in accordance with section 5.5 of this
 19 chapter by a person who desires to obtain the deduction
 20 provided by section 4.5 of this chapter.
 21 (9) "Designation application" means an application that is filed
 22 with a designating body to assist that body in making a
 23 determination about whether a particular area should be
 24 designated as an economic revitalization area.
 25 (10) "Hazardous waste" has the meaning set forth in
 26 IC 13-11-2-99(a). The term includes waste determined to be a
 27 hazardous waste under IC 13-22-2-3(b).
 28 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
 29 However, the term does not include dead animals or any animal
 30 solid or semisolid wastes.
 31 **(12) "New research and development equipment" means**
 32 **tangible personal property that:**
 33 **(A) is installed after June 30, 1999, and before January 1,**
 34 **2006, in an economic revitalization area in which a**
 35 **deduction for tangible personal property is allowed;**
 36 **(B) consists of:**
 37 **(i) laboratory equipment;**
 38 **(ii) research and development equipment;**
 39 **(iii) computers and computer software;**
 40 **(iv) telecommunications equipment; or**
 41 **(v) testing equipment;**
 42 **(C) is used in a research and development facility that is a**



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1 **separate facility engaged in activities devoted directly and**
 2 **exclusively to experimental or laboratory research and**
 3 **development for new products, new uses of existing**
 4 **products, or improving or testing existing products; and**
 5 **(D) is acquired by the property owner for the purposes**
 6 **described in this subdivision and was never before used by**
 7 **the owner for any purpose in Indiana.**

8 **The term does not include equipment installed in facilities**
 9 **used for or in connection with efficiency surveys, management**
 10 **studies, consumer surveys, economic surveys, advertising or**
 11 **promotion, or research in connection with literacy, history, or**
 12 **similar projects.**

13 SECTION 6. IC 6-1.1-12.1-2 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) A designating
 15 body may find that a particular area within its jurisdiction is an
 16 economic revitalization area. However, the deduction provided by this
 17 chapter for economic revitalization areas not within a city or town shall
 18 not be available to retail businesses.

19 (b) In a county containing a consolidated city or within a city or
 20 town, a designating body may find that a particular area within its
 21 jurisdiction is a residentially distressed area. Designation of an area as
 22 a residentially distressed area has the same effect as designating an
 23 area as an economic revitalization area, except that the amount of the
 24 deduction shall be calculated as specified in section 4.1 of this chapter
 25 and the deduction is allowed for **not more than** five (5) years. In order
 26 to declare a particular area a residentially distressed area, the
 27 designating body must follow the same procedure that is required to
 28 designate an area as an economic revitalization area and must make all
 29 the following additional findings or all the additional findings
 30 described in subsection (c):

31 (1) The area is comprised of parcels that are either unimproved or
 32 contain only one (1) or two (2) family dwellings or multifamily
 33 dwellings designed for up to four (4) families, including accessory
 34 buildings for those dwellings.

35 (2) Any dwellings in the area are not permanently occupied and
 36 are:

- 37 (A) the subject of an order issued under IC 36-7-9; or
- 38 (B) evidencing significant building deficiencies.

39 (3) Parcels of property in the area:

- 40 (A) have been sold and not redeemed under IC 6-1.1-24 and
- 41 IC 6-1.1-25; or
- 42 (B) are owned by a unit of local government.



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1 However, in a city in a county having a population of more than two
2 hundred thousand (200,000) but less than three hundred thousand
3 (300,000), the designating body is only required to make one (1) of the
4 additional findings described in this subsection or one (1) of the
5 additional findings described in subsection (c).

6 (c) In a county containing a consolidated city or within a city or
7 town, a designating body that wishes to designate a particular area a
8 residentially distressed area may make the following additional
9 findings as an alternative to the additional findings described in
10 subsection (b):

11 (1) A significant number of dwelling units within the area are not
12 permanently occupied or a significant number of parcels in the
13 area are vacant land.

14 (2) A significant number of dwelling units within the area are:
15 (A) the subject of an order issued under IC 36-7-9; or
16 (B) evidencing significant building deficiencies.

17 (3) The area has experienced a net loss in the number of dwelling
18 units, as documented by census information, local building and
19 demolition permits, or certificates of occupancy, or the area is
20 owned by Indiana or the United States.

21 (4) The area (plus any areas previously designated under this
22 subsection) will not exceed ten percent (10%) of the total area
23 within the designating body's jurisdiction.

24 However, in a city in a county having a population of more than two
25 hundred thousand (200,000) but less than three hundred thousand
26 (300,000), the designating body is only required to make one (1) of the
27 additional findings described in this subsection as an alternative to one
28 (1) of the additional findings described in subsection (b).

29 (d) A designating body is required to attach the following conditions
30 to the grant of a residentially distressed area designation:

31 (1) The deduction will not be allowed unless the dwelling is
32 rehabilitated to meet local code standards for habitability.

33 (2) If a designation application is filed, the designating body may
34 require that the redevelopment or rehabilitation be completed
35 within a reasonable period of time.

36 (e) To make a designation described in subsection (a) or (b), the
37 designating body shall use procedures prescribed in section 2.5 of this
38 chapter.

39 (f) The property tax deductions provided by sections 3 and 4.5 of
40 this chapter are only available for ~~property and new manufacturing~~
41 ~~equipment respectively~~, within an area which the designating body
42 finds to be an economic revitalization area.

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1 (g) The designating body may adopt a resolution establishing
 2 general standards to be used, along with the requirements set forth in
 3 the definition of economic revitalization area, by the designating body
 4 in finding an area to be an economic revitalization area. The standards
 5 must have a reasonable relationship to the development objectives of
 6 the area in which the designating body has jurisdiction. The following
 7 three (3) sets of standards may be established:

8 (1) One (1) relative to the deduction under section 3 of this
 9 chapter for economic revitalization areas that are not residentially
 10 distressed areas.

11 (2) One (1) relative to the deduction under section 3 of this
 12 chapter for residentially distressed areas.

13 (3) One (1) relative to the deduction allowed under section 4.5 of
 14 this chapter.

15 (h) A designating body may impose a fee for filing a designation
 16 application for a person requesting the designation of a particular area
 17 as an economic revitalization area. The fee may be sufficient to defray
 18 actual processing and administrative costs. However, the fee charged
 19 for filing a designation application for a parcel that contains one (1) or
 20 more owner-occupied, single-family dwellings may not exceed the cost
 21 of publishing the required notice.

22 (i) In declaring an area an economic revitalization area, the
 23 designating body may:

24 (1) limit the time period to a certain number of calendar years
 25 during which the area shall be so designated;

26 (2) limit the type of deductions that will be allowed within the
 27 economic revitalization area to either the deduction allowed under
 28 section 3 of this chapter or the deduction allowed under section
 29 4.5 of this chapter;

30 (3) limit the dollar amount of the deduction that will be allowed
 31 with respect to new manufacturing equipment **and new research**
 32 **and development equipment** if a deduction under this chapter
 33 had not been filed before July 1, 1987, for that equipment;

34 (4) limit the dollar amount of the deduction that will be allowed
 35 with respect to redevelopment and rehabilitation occurring in
 36 areas that are designated as economic revitalization areas on or
 37 after September 1, 1988; or

38 (5) impose reasonable conditions related to the purpose of this
 39 chapter or to the general standards adopted under subsection (g)
 40 for allowing the deduction for the redevelopment or rehabilitation
 41 of the property or the installation of the new manufacturing
 42 equipment **or new research and development equipment, or**



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- 1 **both.**
 2 To exercise one (1) or more of these powers a designating body must
 3 include this fact in the resolution passed under section 2.5 of this
 4 chapter.
 5 (j) Notwithstanding any other provision of this chapter, if a
 6 designating body limits the time period during which an area is an
 7 economic revitalization area, that limitation does not:
 8 (1) prevent a taxpayer from obtaining a deduction for new
 9 manufacturing equipment **or new research and development**
 10 **equipment, or both**, installed before January 1, 2006, but after
 11 the expiration of the economic revitalization area if:
 12 (A) the economic revitalization area designation expires after
 13 December 30, 1995; and
 14 (B) the new manufacturing equipment **or new research and**
 15 **development equipment, or both**, was described in a
 16 statement of benefits submitted to and approved by the
 17 designating body in accordance with section 4.5 of this chapter
 18 before the expiration of the economic revitalization area
 19 designation; or
 20 (2) limit the length of time a taxpayer is entitled to receive a
 21 deduction to a number of years that is less than the number of
 22 years designated under section 4 or 4.5 of this chapter.
 23 (k) Notwithstanding any other provision of this chapter, deductions:
 24 (1) that are authorized under section 3 of this chapter for property
 25 in an area designated as an urban development area before March
 26 1, 1983, and that are based on an increase in assessed valuation
 27 resulting from redevelopment or rehabilitation that occurs before
 28 March 1, 1983; or
 29 (2) that are authorized under section 4.5 of this chapter for new
 30 manufacturing equipment installed in an area designated as an
 31 urban development area before March 1, 1983;
 32 apply according to the provisions of this chapter as they existed at the
 33 time that an application for the deduction was first made. No deduction
 34 that is based on the location of property or new manufacturing
 35 equipment in an urban development area is authorized under this
 36 chapter after February 28, 1983, unless the initial increase in assessed
 37 value resulting from the redevelopment or rehabilitation of the property
 38 or the installation of the new manufacturing equipment occurred before
 39 March 1, 1983.
 40 (l) If property located in an economic revitalization area is also
 41 located in an allocation area (as defined in IC 36-7-14-39 or
 42 IC 36-7-15.1-26), an application for the property tax deduction



1 provided by this chapter may not be approved unless the commission
2 that designated the allocation area adopts a resolution approving the
3 application.

4 SECTION 7. IC 6-1.1-12.1-2.5 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2.5. (a) If a designating
6 body finds that an area in its jurisdiction is an economic revitalization
7 area, it shall either:

- 8 (1) prepare maps and plats that identify the area; or
- 9 (2) prepare a simplified description of the boundaries of the area
10 by describing its location in relation to public ways, streams, or
11 otherwise.

12 (b) After the compilation of the materials described in subsection
13 (a), the designating body shall pass a resolution declaring the area an
14 economic revitalization area. The resolution must contain a description
15 of the affected area and be filed with the county assessor. ~~The A~~
16 resolution **adopted after June 30, 1999**, may include a determination
17 of ~~whether the number of years~~ a deduction under section 3 of this
18 chapter is allowed. ~~for three (3), six (6), or ten (10) years.~~ In addition,
19 if the resolution is adopted after ~~April 30, 1991,~~ **June 30, 1999**, the
20 resolution may include a determination of ~~whether the number of~~
21 **years** a deduction under section 4.5 of this chapter is allowed. ~~for five~~
22 ~~(5) or ten (10) years.~~

23 (c) After approval of a resolution under subsection (b), the
24 designating body shall do the following:

- 25 (1) Publish notice of the adoption and substance of the resolution
26 in accordance with IC 5-3-1.
- 27 (2) File the following information with each taxing unit that has
28 authority to levy property taxes in the geographic area where the
29 economic revitalization area is located:
 - 30 (A) A copy of the notice required by subdivision (1).
 - 31 (B) A statement containing substantially the same information
32 as a statement of benefits filed with the designating body
33 before the hearing required by this section under sections 3
34 and 4.5 of this chapter.

35 The notice must state that a description of the affected area is available
36 and can be inspected in the county assessor's office. The notice must
37 also name a date when the designating body will receive and hear all
38 remonstrances and objections from interested persons. The designating
39 body shall file the information required by subdivision (2) with the
40 officers of the taxing unit who are authorized to fix budgets, tax rates,
41 and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date
42 of the public hearing. After considering the evidence, the designating

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1 body shall take final action determining whether the qualifications for
 2 an economic revitalization area have been met and confirming,
 3 modifying and confirming, or rescinding the resolution. This
 4 determination is final except that an appeal may be taken and heard as
 5 provided under subsections (d) and (e).

6 (d) A person who filed a written remonstrance with the designating
 7 body under this section and who is aggrieved by the final action taken
 8 may, within ten (10) days after that final action, initiate an appeal of
 9 that action by filing in the office of the clerk of the circuit or superior
 10 court a copy of the order of the designating body and his remonstrance
 11 against that order, together with his bond conditioned to pay the costs
 12 of his appeal if the appeal is determined against him. The only ground
 13 of appeal that the court may hear is whether the proposed project will
 14 meet the qualifications of the economic revitalization area law. The
 15 burden of proof is on the appellant.

16 (e) An appeal under this section shall be promptly heard by the
 17 court without a jury. All remonstrances upon which an appeal has been
 18 taken shall be consolidated and heard and determined within thirty (30)
 19 days after the time of the filing of the appeal. The court shall hear
 20 evidence on the appeal, and may confirm the final action of the
 21 designating body or sustain the appeal. The judgment of the court is
 22 final and conclusive, unless an appeal is taken as in other civil actions.

23 SECTION 8. IC 6-1.1-12.1-3 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) An applicant
 25 must provide a statement of benefits to the designating body. If the
 26 designating body requires information from the applicant for economic
 27 revitalization area status for use in making its decision about whether
 28 to designate an economic revitalization area, the applicant shall provide
 29 the completed statement of benefits form to the designating body
 30 before the hearing required by section 2.5(c) of this chapter. Otherwise,
 31 the statement of benefits form must be submitted to the designating
 32 body before the initiation of the redevelopment or rehabilitation for
 33 which the person desires to claim a deduction under this chapter. The
 34 state board of tax commissioners shall prescribe a form for the
 35 statement of benefits. The statement of benefits must include the
 36 following information:

- 37 (1) A description of the proposed redevelopment or rehabilitation.
- 38 (2) An estimate of the number of individuals who will be
 39 employed or whose employment will be retained by the person as
 40 a result of the redevelopment or rehabilitation and an estimate of
 41 the annual salaries of these individuals.
- 42 (3) An estimate of the value of the redevelopment or



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1 rehabilitation.
 2 With the approval of the state board of tax commissioners, the
 3 statement of benefits may be incorporated in a designation application.
 4 Notwithstanding any other law, a statement of benefits is a public
 5 record that may be inspected and copied under IC 5-14-3-3.

6 (b) The designating body must review the statement of benefits
 7 required under subsection (a). The designating body shall determine
 8 whether an area should be designated an economic revitalization area
 9 or whether a deduction should be allowed, based on (and after it has
 10 made) the following findings:

11 (1) Whether the estimate of the value of the redevelopment or
 12 rehabilitation is reasonable for projects of that nature.

13 (2) Whether the estimate of the number of individuals who will be
 14 employed or whose employment will be retained can be
 15 reasonably expected to result from the proposed described
 16 redevelopment or rehabilitation.

17 (3) Whether the estimate of the annual salaries of those
 18 individuals who will be employed or whose employment will be
 19 retained can be reasonably expected to result from the proposed
 20 described redevelopment or rehabilitation.

21 (4) Whether any other benefits about which information was
 22 requested are benefits that can be reasonably expected to result
 23 from the proposed described redevelopment or rehabilitation.

24 (5) Whether the totality of benefits is sufficient to justify the
 25 deduction.

26 A designating body may not designate an area an economic
 27 revitalization area or approve a deduction unless the findings required
 28 by this subsection are made in the affirmative.

29 (c) Except as provided in subsections (a) through (b), the owner of
 30 property which is located in an economic revitalization area is entitled
 31 to a deduction from the assessed value of the property. If the area is a
 32 residentially distressed area, the period is **not more than** five (5) years.
 33 For all other economic revitalization areas **designated before July 1,**
 34 **1999**, the period is three (3), six (6), or ten (10) years. ~~as determined~~
 35 ~~under subsection (d).~~ **For all economic revitalization areas**
 36 **designated after June 30, 1999, the period is the number of years**
 37 **determined under subsection (d).** The owner is entitled to a deduction
 38 if:

39 (1) the property has been rehabilitated; or

40 (2) the property is located on real estate which has been
 41 redeveloped.

42 The owner is entitled to the deduction for the first year, and any

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1 successive year or years, in which an increase in assessed value
 2 resulting from the rehabilitation or redevelopment occurs and for the
 3 ~~two (2); four (4); five (5); or nine (9) years immediately following each~~
 4 ~~such year or years whichever is applicable.~~ **determined under**
 5 **subsection (d).** However, property owners who had an area designated
 6 an urban development area pursuant to an application filed prior to
 7 January 1, 1979, are only entitled to a deduction for a five (5) year
 8 period. In addition, property owners who are entitled to a deduction
 9 under this chapter pursuant to an application filed after December 31,
 10 1978, and before January 1, 1986, are entitled to a deduction for a ten
 11 (10) year period.

12 (d) ~~For economic revitalization areas that are not residentially~~
 13 ~~distressed areas;~~ **For an area designated as an economic**
 14 **revitalization area after June 30, 1999, that is not a residentially**
 15 **distressed area,** the designating body shall determine ~~whether the~~
 16 **number of years for which** the property owner is entitled to a
 17 deduction. ~~for three (3) years; six (6) years; or ten (10) years.~~ **However,**
 18 **the deduction may not be allowed for more than ten (10) years.**
 19 This determination shall be made:

- 20 (1) as part of the resolution adopted under section 2.5 of this
 21 chapter; or
 22 (2) by resolution adopted within sixty (60) days after receiving a
 23 copy of a property owner's certified deduction application from
 24 the county auditor. A certified copy of the resolution shall be sent
 25 to the county auditor who shall make the deduction as provided
 26 in section 5 of this chapter.

27 A determination about ~~whether~~ **the number of years the** deduction is
 28 ~~three (3); six (6); or ten (10) years allowed~~ that is made under
 29 subdivision (1) is final and may not be changed by following the
 30 procedure under subdivision (2).

31 (e) Except for deductions related to redevelopment or rehabilitation
 32 of real property in a county containing a consolidated city or a
 33 deduction related to redevelopment or rehabilitation of real property
 34 initiated before December 31, 1987, in areas designated as economic
 35 revitalization areas before that date, a deduction for the redevelopment
 36 or rehabilitation of real property may not be approved for the following
 37 facilities:

- 38 (1) Private or commercial golf course.
 39 (2) Country club.
 40 (3) Massage parlor.
 41 (4) Tennis club.
 42 (5) Skating facility (including roller skating, skateboarding, or ice



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- 1 skating).
- 2 (6) Racquet sport facility (including any handball or racquetball
- 3 court).
- 4 (7) Hot tub facility.
- 5 (8) Suntan facility.
- 6 (9) Racetrack.
- 7 (10) Any facility the primary purpose of which is:
- 8 (A) retail food and beverage service;
- 9 (B) automobile sales or service; or
- 10 (C) other retail;
- 11 unless the facility is located in an economic development target
- 12 area established under section 7 of this chapter.
- 13 (11) Residential, unless:
- 14 (A) the facility is a multifamily facility that contains at least
- 15 twenty percent (20%) of the units available for use by low and
- 16 moderate income individuals;
- 17 (B) the facility is located in an economic development target
- 18 area established under section 7 of this chapter; or
- 19 (C) the area is designated as a residentially distressed area.
- 20 (12) A package liquor store that holds a liquor dealer's permit
- 21 under IC 7.1-3-10 or any other entity that is required to operate
- 22 under a license issued under IC 7.1. However, this subdivision
- 23 does not apply to an applicant that:
- 24 (A) was eligible for tax abatement under this chapter before
- 25 July 1, 1995; or
- 26 (B) is described in IC 7.1-5-7-11.
- 27 SECTION 9. IC 6-1.1-12.1-4 IS AMENDED TO READ AS
- 28 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) Except as
- 29 provided in section 2(i)(4) of this chapter, the amount of the deduction
- 30 which the property owner is entitled to receive under section 3 of this
- 31 chapter for a particular year equals the product of:
- 32 (1) the increase in the assessed value resulting from the
- 33 rehabilitation or redevelopment; multiplied by
- 34 (2) the percentage prescribed in the table set forth in subsection
- 35 (d).
- 36 (b) The amount of the deduction determined under subsection (a)
- 37 shall be adjusted in accordance with this subsection in the following
- 38 circumstances:
- 39 (1) If a general reassessment of real property occurs within the
- 40 particular period of the deduction, the amount determined under
- 41 subsection (a)(1) shall be adjusted to reflect the percentage
- 42 increase or decrease in assessed valuation that resulted from the

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general reassessment.
 (2) If an appeal of an assessment is approved that results in a reduction of the assessed value of the redeveloped or rehabilitated property, the amount of any deduction shall be adjusted to reflect the percentage decrease that resulted from the appeal.
 The state board of tax commissioners shall adopt rules under IC 4-22-2 to implement this subsection.

(c) Property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to the deduction for the first through the fifth years as provided in subsection ~~(d)(3)~~: **(d)(10)**. In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for the first through the tenth years, as provided in subsection ~~(d)(3)~~: **(d)(10)**.

(d) The percentage to be used in calculating the deduction under subsection (a) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%

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1	(2) (6) For deductions allowed over a six (6) year period:	
2	YEAR OF DEDUCTION	PERCENTAGE
3	1st	100%
4	2nd	85%
5	3rd	66%
6	4th	50%
7	5th	34%
8	6th	17%
9	(7) For deductions allowed over a seven (7) year period:	
10	YEAR OF DEDUCTION	PERCENTAGE
11	1st	100%
12	2nd	85%
13	3rd	71%
14	4th	57%
15	5th	43%
16	6th	29%
17	7th	14%
18	(8) For deductions allowed over an eight (8) year period:	
19	YEAR OF DEDUCTION	PERCENTAGE
20	1st	100%
21	2nd	88%
22	3rd	75%
23	4th	63%
24	5th	50%
25	6th	38%
26	7th	25%
27	8th	13%
28	(9) For deductions allowed over a nine (9) year period:	
29	YEAR OF DEDUCTION	PERCENTAGE
30	1st	100%
31	2nd	88%
32	3rd	77%
33	4th	66%
34	5th	55%
35	6th	44%
36	7th	33%
37	8th	22%
38	9th	11%
39	(3) (10) For deductions allowed over a ten (10) year period:	
40	YEAR OF DEDUCTION	PERCENTAGE
41	1st	100%
42	2nd	95%

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1	3rd	80%
2	4th	65%
3	5th	50%
4	6th	40%
5	7th	30%
6	8th	20%
7	9th	10%
8	10th	5%

9 SECTION 10. IC 6-1.1-12.1-4.5 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4.5. (a) For purposes
11 of this section, "personal property" means personal property other than
12 inventory (as defined in IC 6-1.1-3-11(a)).

13 (b) An applicant must provide a statement of benefits to the
14 designating body. The applicant must provide the completed statement
15 of benefits form to the designating body before the hearing specified in
16 section 2.5(c) of this chapter or before the installation of the new
17 manufacturing equipment **or new research and development**
18 **equipment, or both**, for which the person desires to claim a deduction
19 under this chapter. The state board of tax commissioners shall prescribe
20 a form for the statement of benefits. The statement of benefits must
21 include the following information:

22 (1) A description of the new manufacturing equipment **or new**
23 **research and development equipment, or both**, that the person
24 proposes to acquire.

25 (2) With respect to:

26 (A) new manufacturing equipment not used to dispose of solid
27 waste or hazardous waste by converting the solid waste or
28 hazardous waste into energy or other useful products; **and**

29 (B) **new research and development equipment;**

30 an estimate of the number of individuals who will be employed or
31 whose employment will be retained by the person as a result of
32 the installation of the new manufacturing equipment **or new**
33 **research and development equipment, or both**, and an estimate
34 of the annual salaries of these individuals.

35 (3) An estimate of the cost of the new manufacturing equipment
36 **or new research and development equipment, or both.**

37 (4) With respect to new manufacturing equipment used to dispose
38 of solid waste or hazardous waste by converting the solid waste
39 or hazardous waste into energy or other useful products, an
40 estimate of the amount of solid waste or hazardous waste that will
41 be converted into energy or other useful products by the new
42 manufacturing equipment.

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1 With the approval of the state board of tax commissioners, the
 2 statement of benefits may be incorporated in a designation application.
 3 Notwithstanding any other law, a statement of benefits is a public
 4 record that may be inspected and copied under IC 5-14-3-3.

5 (c) The designating body must review the statement of benefits
 6 required under subsection (b). The designating body shall determine
 7 whether an area should be designated an economic revitalization area
 8 or whether the deduction shall be allowed, based on (and after it has
 9 made) the following findings:

10 (1) Whether the estimate of the cost of the new manufacturing
 11 equipment **or new research and development equipment, or**
 12 **both**, is reasonable for equipment of that type.

13 (2) With respect to:

14 (A) new manufacturing equipment not used to dispose of solid
 15 waste or hazardous waste by converting the solid waste or
 16 hazardous waste into energy or other useful products; **and**

17 (B) **new research and development equipment;**

18 whether the estimate of the number of individuals who will be
 19 employed or whose employment will be retained can be
 20 reasonably expected to result from the installation of the new
 21 manufacturing equipment **or new research and development**
 22 **equipment, or both.**

23 (3) Whether the estimate of the annual salaries of those
 24 individuals who will be employed or whose employment will be
 25 retained can be reasonably expected to result from the proposed
 26 installation of new manufacturing equipment **or new research**
 27 **and development equipment, or both.**

28 (4) With respect to new manufacturing equipment used to dispose
 29 of solid waste or hazardous waste by converting the solid waste
 30 or hazardous waste into energy or other useful products, whether
 31 the estimate of the amount of solid waste or hazardous waste that
 32 will be converted into energy or other useful products can be
 33 reasonably expected to result from the installation of the new
 34 manufacturing equipment.

35 (5) Whether any other benefits about which information was
 36 requested are benefits that can be reasonably expected to result
 37 from the proposed installation of new manufacturing equipment
 38 **or new research and development equipment, or both.**

39 (6) Whether the totality of benefits is sufficient to justify the
 40 deduction.

41 The designating body may not designate an area an economic
 42 revitalization area or approve the deduction unless it makes the

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1 findings required by this subsection in the affirmative.
 2 (d) Except as provided in subsection (f), an owner of new
 3 manufacturing equipment whose statement of benefits is approved
 4 before May 1, 1991, is entitled to a deduction from the assessed value
 5 of that equipment for a period of five (5) years. Except as provided in
 6 subsections (f) and (i), an owner of new manufacturing equipment **or**
 7 **new research and development equipment, or both**, whose statement
 8 of benefits is approved after ~~April 30, 1991~~, **June 30, 1999**, is entitled
 9 to a deduction from the assessed value of that equipment for a ~~period~~
 10 ~~of five (5) years or ten (10) the number of years as determined by the~~
 11 designating body under subsection (h). Except as provided in
 12 subsections (f) and (g) and in section 2(i)(3) of this chapter, the amount
 13 of the deduction that an owner is entitled to for a particular year equals
 14 the product of:

- 15 (1) the assessed value of the new manufacturing equipment **or**
 16 **new research and development equipment, or both**, in the year
 17 that the equipment is installed; multiplied by
- 18 (2) the percentage prescribed in the table set forth in subsection
 19 (e).

20 (e) The percentage to be used in calculating the deduction under
 21 subsection (d) is as follows:

22 **(1) For deductions allowed over a one (1) year period:**

23 YEAR OF DEDUCTION	PERCENTAGE
24 1st	100%
25 2nd and thereafter	0%

26 **(2) For deductions allowed over a two (2) year period:**

27 YEAR OF DEDUCTION	PERCENTAGE
28 1st	100%
29 2nd	50%
30 3rd and thereafter	0%

31 **(3) For deductions allowed over a three (3) year period:**

32 YEAR OF DEDUCTION	PERCENTAGE
33 1st	100%
34 2nd	66%
35 3rd	33%
36 4th and thereafter	0%

37 **(4) For deductions allowed over a four (4) year period:**

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1	YEAR OF DEDUCTION	PERCENTAGE
2	1st	100%
3	2nd	75%
4	3rd	50%
5	4th	25%
6	5th and thereafter	0%

(+) (5) For deductions allowed over a five (5) year period:

8	YEAR OF DEDUCTION	PERCENTAGE
9	1st	100%
10	2nd	95% 80%
11	3rd	80% 60%
12	4th	65% 40%
13	5th	50% 20%
14	6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

16	YEAR OF DEDUCTION	PERCENTAGE
17	1st	100%
18	2nd	85%
19	3rd	66%
20	4th	50%
21	5th	34%
22	6th	25%
23	7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

25	YEAR OF DEDUCTION	PERCENTAGE
26	1st	100%
27	2nd	85%
28	3rd	71%
29	4th	57%
30	5th	43%
31	6th	29%
32	7th	14%
33	8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

35	YEAR OF DEDUCTION	PERCENTAGE
36	1st	100%
37	2nd	88%
38	3rd	75%
39	4th	63%
40	5th	50%
41	6th	38%
42	7th	25%

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1	8th	13%
2	9th and thereafter	0%
3	(9) For deductions allowed over a nine (9) year period:	
4	YEAR OF DEDUCTION	PERCENTAGE
5	1st	100%
6	2nd	88%
7	3rd	77%
8	4th	66%
9	5th	55%
10	6th	44%
11	7th	33%
12	8th	22%
13	9th	11%
14	10th and thereafter	0%

15	(10) For deductions allowed over a ten (10) year period:	
16	YEAR OF DEDUCTION	PERCENTAGE
17	1st	100%
18	2nd	95% 90%
19	3rd	90% 80%
20	4th	85% 70%
21	5th	80% 60%
22	6th	70% 50%
23	7th	55% 40%
24	8th	40% 30%
25	9th	30% 20%
26	10th	25% 10%
27	11th and thereafter	0%

(f) Notwithstanding subsections (d) and (e), a deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment **or new research and development equipment, or both**, to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located (excluding personal property that is assessed as construction in process) to be less than the assessed value of all of the personal property of the owner in that taxing district (excluding personal property that is assessed as construction in process) in the immediately preceding year.

(g) If a deduction is not fully allowed under subsection (f) in the first year the deduction is claimed, then the percentages specified in subsection (d) or (e) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(h) **For an economic revitalization area designated before July**



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1 **1, 1999**, the designating body shall determine whether a property owner
2 whose statement of benefits is approved after April 30, 1991, is entitled
3 to a deduction for five (5) or ten (10) years. **For an economic**
4 **revitalization area designated after June 30, 1999, the designating**
5 **body shall determine the number of years the deduction is allowed.**
6 **However, the deduction may not be allowed for more than ten (10)**
7 **years.** This determination shall be made:

- 8 (1) as part of the resolution adopted under section 2.5 of this
9 chapter; or
- 10 (2) by resolution adopted within sixty (60) days after receiving a
11 copy of a property owner's certified deduction application from
12 the state board of tax commissioners. A certified copy of the
13 resolution shall be sent to the county auditor and the state board
14 of tax commissioners.

15 A determination about ~~whether~~ the **number of years the deduction is**
16 **for a period of five (5) or ten (10) years allowed** that is made under
17 subdivision (1) is final and may not be changed by following the
18 procedure under subdivision (2).

19 (i) The owner of new manufacturing equipment that is directly used
20 to dispose of hazardous waste is not entitled to the deduction provided
21 by this section for a particular assessment year if during that
22 assessment year the owner:

- 23 (1) is convicted of a violation under IC 13-7-13-3 (repealed),
24 IC 13-7-13-4 (repealed), or IC 13-30-6; or
- 25 (2) is subject to an order or a consent decree with respect to
26 property located in Indiana based on a violation of a federal or
27 state rule, regulation, or statute governing the treatment, storage,
28 or disposal of hazardous wastes that had a major or moderate
29 potential for harm.

30 SECTION 11. IC 6-1.1-12.1-5 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5. (a) A property owner
32 who desires to obtain the deduction provided by section 3 of this
33 chapter must file a certified deduction application, on forms prescribed
34 by the state board of tax commissioners, with the auditor of the county
35 in which the property is located. Except as otherwise provided in
36 subsection (b) or (e), the deduction application must be filed before
37 May 10 of the year in which the addition to assessed valuation is made.

38 (b) If notice of the addition to assessed valuation or new assessment
39 for any year is not given to the property owner before April 10 of that
40 year, the deduction application required by this section may be filed not
41 later than thirty (30) days after the date such a notice is mailed to the
42 property owner at the address shown on the records of the township



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- 1 assessor.
- 2 (c) The deduction application required by this section must contain
- 3 the following information:
- 4 (1) The name of the property owner.
- 5 (2) A description of the property for which a deduction is claimed
- 6 in sufficient detail to afford identification.
- 7 (3) The assessed value of the improvements before rehabilitation.
- 8 (4) The increase in the assessed value of improvements resulting
- 9 from the rehabilitation.
- 10 (5) The assessed value of the new structure in the case of
- 11 redevelopment.
- 12 (6) The amount of the deduction claimed for the first year of the
- 13 deduction.
- 14 (7) If the deduction application is for a deduction in a
- 15 residentially distressed area, the assessed value of the
- 16 improvement or new structure for which the deduction is claimed.
- 17 (d) A deduction application filed under subsection (a) or (b) is
- 18 applicable for the year in which the addition to assessed value or
- 19 assessment of a new structure is made and in the ~~immediate~~ following
- 20 ~~two (2); four (4); five (5); or nine (9) years whichever is applicable; the~~
- 21 **deduction is allowed** without any additional deduction application
- 22 being filed. However, property owners who had an area designated an
- 23 urban development area pursuant to a deduction application filed prior
- 24 to January 1, 1979, are only entitled to a deduction for a five (5) year
- 25 period. In addition, property owners who are entitled to a deduction
- 26 under this chapter pursuant to a deduction application filed after
- 27 December 31, 1978, and before January 1, 1986, are entitled to a
- 28 deduction for a ten (10) year period.
- 29 (e) A property owner who desires to obtain the deduction provided
- 30 by section 3 of this chapter but who has failed to file a deduction
- 31 application within the dates prescribed in subsection (a) or (b) may file
- 32 a deduction application between March 1 and May 10 of a subsequent
- 33 year which shall be applicable for the year filed and the subsequent
- 34 years without any additional deduction application being filed for the
- 35 amounts of the deduction which would be applicable to such years
- 36 pursuant to section 4 of this chapter if such a deduction application had
- 37 been filed in accordance with subsection (a) or (b).
- 38 (f) On verification of the correctness of a deduction application by
- 39 the assessor of the township in which the property is located, the
- 40 county auditor shall act as follows:
- 41 (1) If a determination about ~~whether the deduction is three (3); six~~
- 42 ~~(6); or ten (10) the number of years the deduction is allowed~~

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- 1 has been made in the resolution adopted under section 2.5 of this
 2 chapter, the county auditor shall make the appropriate deduction.
 3 (2) If a determination about ~~whether the deduction is three (3); six~~
 4 ~~(6); or ten (10) the number of years the deduction is allowed~~
 5 has not been made in the resolution adopted under section 2.5 of
 6 this chapter, the county auditor shall send a copy of the deduction
 7 application to the designating body. Upon receipt of the resolution
 8 stating ~~whether the~~ **number of years the deduction will be**
 9 ~~allowed, for three (3); six (6); or ten (10) years;~~ the county auditor
 10 shall make the appropriate deduction.
 11 (3) If the deduction application is for rehabilitation or
 12 redevelopment in a residentially distressed area, the county
 13 auditor shall make the appropriate deduction.
 14 (g) The amount and period of the deduction provided for property
 15 by section 3 of this chapter are not affected by a change in the
 16 ownership of the property if the new owner of the property:
 17 (1) continues to use the property in compliance with any
 18 standards established under section 2(g) of this chapter; and
 19 (2) files an application in the manner provided by subsection (e).
 20 (h) The township assessor shall include a notice of the deadlines for
 21 filing a deduction application under subsections (a) and (b) with each
 22 notice to a property owner of an addition to assessed value or of a new
 23 assessment.
 24 SECTION 12. IC 6-1.1-12.1-5.5 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.5. (a) A person that
 26 desires to obtain the deduction provided by section 4.5 of this chapter
 27 must file a certified deduction application on forms prescribed by the
 28 state board of tax commissioners with:
 29 (1) the auditor of the county in which the new manufacturing
 30 equipment **or new research and development equipment, or**
 31 **both,** is located; and
 32 (2) the state board of tax commissioners.
 33 A person that timely files a personal property return under
 34 IC 6-1.1-3-7(a) for the year in which the new manufacturing equipment
 35 **or new research and development equipment, or both,** is installed
 36 must file the application between March 1 and May 15 of that year. A
 37 person that obtains a filing extension under IC 6-1.1-3-7(b) for the year
 38 in which the new manufacturing equipment **or new research and**
 39 **development equipment, or both,** is installed must file the application
 40 between March 1 and June 14 of that year.
 41 (b) The deduction application required by this section must contain
 42 the following information:



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1 (1) The name of the owner of the new manufacturing equipment
2 **or new research and development equipment, or both.**

3 (2) A description of the new manufacturing equipment **or new**
4 **research and development equipment, or both.**

5 (3) Proof of the date the new manufacturing equipment **or new**
6 **research and development equipment, or both,** was installed.

7 (4) The amount of the deduction claimed for the first year of the
8 deduction.

9 (c) This subsection applies to a deduction application with respect
10 to new manufacturing equipment **or new research and development**
11 **equipment, or both,** for which a statement of benefits was initially
12 approved after April 30, 1991. If a determination about ~~whether the~~
13 **number of years** the deduction is for a ~~period of five (5) or ten (10)~~
14 **years allowed** has not been made in the resolution adopted under
15 section 2.5 of this chapter, the county auditor shall send a copy of the
16 deduction application to the designating body and the designating body
17 shall adopt a resolution under section 4.5(h)(2) of this chapter.

18 (d) A deduction application must be filed under this section in the
19 year in which the new manufacturing equipment **or new research and**
20 **development equipment, or both,** is installed and in each of the
21 immediately succeeding ~~four (4) or nine (9)~~ years ~~whichever is~~
22 **applicable: the deduction is allowed.**

23 (e) The state board of tax commissioners shall review and verify the
24 correctness of each deduction application and shall notify the county
25 auditor of the county in which the property is located that the deduction
26 application is approved or denied or that the amount of the deduction
27 is altered. Upon notification of approval of the deduction application
28 or of alteration of the amount of the deduction, the county auditor shall
29 make the deduction. The county auditor shall notify the county property
30 tax assessment board of appeals of all deductions approved under this
31 section.

32 (f) If the ownership of new manufacturing equipment **or new**
33 **research and development equipment, or both,** changes, the
34 deduction provided under section 4.5 of this chapter continues to apply
35 to that equipment if the new owner:

36 (1) continues to use the equipment in compliance with any
37 standards established under section 2(g) of this chapter; and

38 (2) files the deduction applications required by this section.

39 (g) The amount of the deduction is the percentage under section 4.5
40 of this chapter that would have applied if the ownership of the property
41 had not changed multiplied by the assessed value of the equipment for
42 the year the deduction is claimed by the new owner.

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1 (h) If a person desires to initiate an appeal of the state board of tax
 2 commissioners' final determination, the person must do all of the
 3 following not more than forty-five (45) days after the state board of tax
 4 commissioners gives the person notice of the final determination:

- 5 (1) File a written notice with the state board of tax commissioners
 6 informing the board of the person's intention to appeal.
- 7 (2) File a complaint in the tax court.
- 8 (3) Serve the attorney general and the county auditor with a copy
 9 of the complaint.

10 SECTION 13. IC 6-1.1-12.1-5.6 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.6. (a) This subsection
 12 applies to a property owner whose statement of benefits was approved
 13 under section 4.5 of this chapter before July 1, 1991. In addition to the
 14 requirements of section 5.5(b) of this chapter, a deduction application
 15 filed under section 5.5 of this chapter must contain information
 16 showing the extent to which there has been compliance with the
 17 statement of benefits approved under section 4.5 of this chapter.
 18 Failure to comply with a statement of benefits approved before July 1,
 19 1991, may not be a basis for rejecting a deduction application.

20 (b) This subsection applies to a property owner whose statement of
 21 benefits was approved under section 4.5 of this chapter after June 30,
 22 1991. In addition to the requirements of section 5.5(b) of this chapter,
 23 a property owner who files a deduction application under section 5.5
 24 of this chapter must provide the county auditor and the designating
 25 body with information showing the extent to which there has been
 26 compliance with the statement of benefits approved under section 4.5
 27 of this chapter.

28 (c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following
 29 information is a public record if filed under this section:

- 30 (1) The name and address of the taxpayer.
- 31 (2) The location and description of the new manufacturing
 32 equipment **or new research and development equipment, or**
 33 **both**, for which the deduction was granted.
- 34 (3) Any information concerning the number of employees at the
 35 facility where the new manufacturing equipment **or new research**
 36 **and development equipment, or both**, is located, including
 37 estimated totals that were provided as part of the statement of
 38 benefits.
- 39 (4) Any information concerning the total of the salaries paid to
 40 those employees, including estimated totals that were provided as
 41 part of the statement of benefits.
- 42 (5) Any information concerning the amount of solid waste or



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1 hazardous waste converted into energy or other useful products by
2 the new manufacturing equipment.

3 (6) Any information concerning the assessed value of the new
4 manufacturing equipment **or new research and development**
5 **equipment, or both**, including estimates that were provided as
6 part of the statement of benefits.

7 (d) The following information is confidential if filed under this
8 section:

9 (1) Any information concerning the specific salaries paid to
10 individual employees by the owner of the new manufacturing
11 equipment **or new research and development equipment, or**
12 **both.**

13 (2) Any information concerning the cost of the new
14 manufacturing equipment **or new research and development**
15 **equipment, or both.**

16 SECTION 14. IC 6-1.1-12.1-5.8 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.8. In lieu of providing
18 the statement of benefits required by section 3 or 4.5 of this chapter and
19 the additional information required by section 5.1 or 5.6 of this chapter,
20 the designating body may, by resolution, waive the statement of
21 benefits if the designating body finds that the purposes of this chapter
22 are served by allowing the deduction and the property owner has,
23 during the thirty-six (36) months preceding the first assessment date to
24 which the waiver would apply, installed new manufacturing equipment
25 **or new research and development equipment, or both**, or developed
26 or rehabilitated property at a cost of at least ten million dollars
27 (\$10,000,000) as determined by the state board of tax commissioners.

28 SECTION 15. IC 6-1.1-12.1-8 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) ~~No~~ **Not** later than
30 December 31 of each year, the county auditor shall publish the
31 following in a newspaper of general interest and readership and not one
32 of limited subject matter:

33 (1) A list of the approved deduction applications that were filed
34 under this chapter during that year. The list must contain the
35 following:

36 (A) The name and address of each person approved for or
37 receiving a deduction that was filed for during the year.

38 (B) The amount of each deduction that was filed for during the
39 year.

40 (C) The number of years for which each deduction that was
41 filed for during the year will be available.

42 (D) The total amount for all deductions that were filed for and

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granted during the year.

(2) The total amount of all deductions for real property that were in effect under section 3 of this chapter during the year.

(3) The total amount of all deductions for new manufacturing equipment **or new research and development equipment, or both**, that were in effect under section 4.5 of this chapter during the year.

(b) The county auditor shall file the information described in subsection (a)(2) and (a)(3) with the state board of tax commissioners not later than December 31 of each year.

SECTION 16. IC 6-1.1-12.1-11.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 11.3. (a) This section applies only to the following requirements under section 3 of this chapter:

(1) Failure to provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter.

(2) Failure to submit the completed statement of benefits form to the designating body before the initiation of the redevelopment or rehabilitation or the installation of new manufacturing equipment **or new research and development equipment, or both**, for which the person desires to claim a deduction under this chapter.

(3) Failure to designate an area as an economic revitalization area before the initiation of the:

- (A) redevelopment;
- (B) installation of new manufacturing equipment **or new research and development equipment, or both**; or
- (C) rehabilitation;

for which the person desires to claim a deduction under this chapter.

(4) Failure to make the required findings of fact before designating an area as an economic revitalization area or authorizing a deduction for new manufacturing equipment **or new research and development equipment, or both**, under section 2, 3, or 4.5 of this chapter.

(b) This section does not grant a designating body the authority to exempt a person from filing a statement of benefits or exempt a designating body from making findings of fact.

(c) A designating body may by resolution waive noncompliance described under subsection (a) under the terms and conditions specified in the resolution. Before adopting a waiver under this subsection, the designating body shall conduct a public hearing on the waiver.

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1 SECTION 17. IC 6-3.1-4-2 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:
 3 Sec. 2. (a) A taxpayer who incurs Indiana qualified research expense
 4 in a particular taxable year is entitled to a research expense tax credit
 5 for the taxable year.

6 (b) A taxpayer who does not have income apportioned to this state
 7 for a taxable year under IC 6-3-2-2 is entitled to a research expense tax
 8 credit for the taxable year in the amount of the product of:

9 (1) ~~five six~~ percent (~~5%~~); (~~6%~~); multiplied by

10 (2) the remainder of the taxpayer's Indiana qualified research
 11 expenses for the taxable year, minus:

12 (A) the taxpayer's base period Indiana qualified research
 13 expenses, for taxable years beginning before January 1, 1990;
 14 or

15 (B) the taxpayer's base amount, for taxable years beginning
 16 after December 31, 1989.

17 (c) A taxpayer who has income apportioned to this state for a
 18 taxable year under IC 6-3-2-2 is entitled to a research expense tax
 19 credit for the taxable year in the amount of the lesser of:

20 (1) the amount determined under subsection (b); or

21 (2) ~~five six~~ percent (~~5%~~) (~~6%~~) multiplied by the remainder of the
 22 taxpayer's total qualified research expenses for the taxable year,
 23 minus:

24 (A) the taxpayer's base period research expenses, for taxable
 25 years beginning before January 1, 1990; or

26 (B) the taxpayer's base amount, for taxable years beginning
 27 after December 31, 1989;

28 further multiplied by the percentage determined under IC 6-3-2-2
 29 for the apportionment of the taxpayer's income for the taxable
 30 year to this state.

31 SECTION 18. IC 6-3.1-4-6 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. Notwithstanding the
 33 other provisions of this chapter, a taxpayer is not entitled to a credit for
 34 Indiana qualified research expense incurred after December 31, ~~1999~~:
 35 **2004**. Notwithstanding Section 41 of the Internal Revenue Code, the
 36 termination date in Section 41(h) of the Internal Revenue Code does
 37 not apply to a taxpayer who is eligible for the credit under this chapter
 38 for the taxable year in which the Indiana qualified research expense is
 39 incurred.

40 SECTION 19. [EFFECTIVE JULY 1, 1999] **IC 6-3.1-4-2, as**
 41 **amended by this act, applies to taxable years beginning after**
 42 **December 31, 1998.**



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1 **SECTION 20. 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 1554, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and finance.

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

"SECTION 1. IC 4-4-10.9-6.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6.2. (a) "Educational facility project" includes:

(1) the acquisition of land, site improvements, infrastructure improvements, buildings, or structures, the rehabilitation, renovation, and enlargement of buildings and structures, machinery, equipment, furnishings, or facilities (or any combination of these):

(+) (A) comprising or being functionally related and subordinate to any aquaria, botanical societies, historical societies, libraries, museums, performing arts associations or societies, scientific societies, zoological societies, and independent elementary, secondary, or postsecondary schools (or any combination of these) that engages in the cultural, intellectual, scientific, educational, or artistic enrichment of the people of the state the development or expansion of which serves the purposes set forth in IC 4-4-11-2;

(-) (B) is not used or to be used primarily for sectarian instruction or study or as a place for devotional activities; and
(-) (C) is not used or to be used primarily in connection with any part of the program of a school or department of divinity for any religious denomination.

(2) **funding (including a reimbursement or refinancing) by a nonprofit organization described in subsection (b) of:**

(A) **real property;**

(B) **improvements;**

(C) **personal property;**

(D) **working capital;**

(E) **a liability; or**

(F) **a cost or other expenditure, other than an ordinary and recurring operating cost or expenditure.**

(b) **For purposes of subsection (a)(2), a nonprofit organization**



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must be:

- (1) **qualified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code; and**
- (2) **have headquarters or a primary educational or exhibit facility located on property owned by or titled in the name of the state of Indiana or an agency, commission, or instrumentality of the state of Indiana that serves the purposes set forth in IC 4-4-11-2.**

SECTION 2. IC 4-4-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The legislature makes the following findings of fact:

- (1) That there currently exists in certain areas of the state critical conditions of unemployment or environmental pollution, including water pollution, air pollution, sewage and solid waste, radioactive waste, thermal pollution, radiation contamination, and noise pollution, and that these conditions may well exist, from time to time, in other areas of the state.
- (2) That in some areas of the state such conditions are chronic and of long standing and that without remedial measures they may become so in other areas of the state.
- (3) That economic insecurity due to unemployment or environmental pollution is a menace to the health, safety, morals, and general welfare of not only the people of the affected areas but of the people of the entire state.
- (4) That involuntary unemployment and its resulting burden of indigency falls with crushing force upon the unemployed worker and ultimately upon the state in the form of public assistance and unemployment compensation.
- (5) That security against unemployment and the resulting spread of indigency and economic stagnation in the areas affected can best be provided by:
 - (A) the promotion, attraction, stimulation, rehabilitation, and revitalization of industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products;
 - (B) the promotion and stimulation of international exports; and
 - (C) the education, both formal and informal, of people of all ages throughout the state by the promotion, attraction, construction, renovation, rehabilitation, and revitalization of **and assistance to** educational facility projects.
- (6) That the present and prospective health, safety, morals, right to gainful employment, and general welfare of the people of the



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state require as a public purpose the abatement or control of pollution, the promotion of increased educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) for people of all ages through new, expanded or revitalized educational facility projects, and the promotion of employment creation or retention through development of new and expanded industrial development projects, rural development projects, mining operations, and agricultural operations that involve the processing of agricultural products.

(7) That there is a need to stimulate a larger flow of private investment funds from commercial banks, investment bankers, insurance companies, other financial institutions, and individuals into such industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products in the state.

(8) That the authority can encourage the making of loans or leases for creation or expansion of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, thus putting a larger portion of the private capital available in Indiana for investment to use in the general economic development of the state.

(9) That the issuance of bonds of the authority to create a financing pool for industrial development projects promoting a substantial likelihood of opportunities for:

- (A) gainful employment;
- (B) business opportunities;
- (C) educational enrichment (including cultural, intellectual, scientific, or artistic opportunities);
- (D) the abatement, reduction, or prevention of pollution; or
- (E) the removal or treatment of any substances in materials being processed that otherwise would cause pollution when used;

will improve the health, safety, morals, and general welfare of the people of the state and constitutes a public purpose for which the authority shall exist and operate.

(10) That the issuance of bonds of the authority to create a funding source for the making of guaranteed participating loans will promote and encourage an expanding international exports market and international exports sales and will promote the general welfare of all of the people of Indiana by assisting Indiana



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businesses through stimulation of the expansion of international exports sales for Indiana products and services, especially those of small and medium-sized businesses, by providing financial assistance through the authority.

(b) The Indiana development finance authority shall exist and operate for the public purposes of:

- (1) promoting opportunities for gainful employment and business opportunities by the promotion and development of industrial development projects, rural development projects, mining operations, international exports, and agricultural operations that involve the processing of agricultural products, in any areas of the state;
- (2) promoting the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of all the people of the state by the promotion and development of educational facility projects;
- (3) promoting affordable farm credit and agricultural loan financing at interest rates that are consistent with the needs of borrowers for farming and agricultural enterprises; and
- (4) preventing and remediating environmental pollution, including water pollution, air pollution, sewage and solid waste disposal, radioactive waste, thermal pollution, radiation contamination, and noise pollution affecting the health and well being of the people of the state by the promotion and development of industrial development projects.

SECTION 3. IC 4-4-11-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The authority is granted all powers necessary or appropriate to carry out and effectuate its public and corporate purposes under this chapter, IC 4-4-21, and IC 15-7-5, including but not limited to the following:

- (1) Have perpetual succession as a body politic and corporate and an independent instrumentality exercising essential public functions.
- (2) Without complying with IC 4-22-2, adopt, amend, and repeal bylaws, rules, and regulations not inconsistent with this chapter, IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate its affairs and to carry into effect the powers, duties, and purposes of the authority and conduct its business.
- (3) Sue and be sued in its own name.
- (4) Have an official seal and alter it at will.
- (5) Maintain an office or offices at a place or places within the state as it may designate.



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(6) Make and execute contracts and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this chapter, IC 4-4-21, and IC 15-7-5.

(7) Employ architects, engineers, attorneys, inspectors, accountants, agriculture experts, silviculture experts, aquaculture experts, and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(8) Procure insurance against any loss in connection with its property and other assets, including loans and loan notes in amounts and from insurers as it may consider advisable.

(9) Borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the authority's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person, as provided by this chapter, IC 4-4-21, and IC 15-7-5.

(10) Procure insurance or guaranties from any public or private entities, including any department, agency, or instrumentality of the United States, for payment of any bonds issued by the authority or for reinsurance on amounts paid from the industrial development project guaranty fund, including the power to pay premiums on any insurance or reinsurance.

(11) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, and accept, from any source, aid or contributions of money, property, labor, or other things of value to be held, used, and applied to carry out the purposes of this chapter, IC 4-4-21, and IC 15-7-5, subject to the conditions upon which the grants or contributions are made, including but not limited to gifts or grants from any department, agency, or instrumentality of the United States, and lease or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with real or personal property or any interest in real or personal property, wherever situated, for any purpose consistent with this chapter, IC 4-4-21, or IC 15-7-5.

(12) Enter into agreements with any department, agency, or instrumentality of the United States or this state and with lenders and enter into loan agreements, sales contracts, and leases with contracting parties, including borrowers, lenders, developers, or users, for the purpose of planning, regulating, and providing for the financing and refinancing of any agricultural enterprise (as defined in IC 15-7-4.9-2), rural development project (as defined

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in IC 15-7-4.9-19.5), industrial development project, or international exports, and distribute data and information concerning the encouragement and improvement of agricultural enterprises and agricultural employment, rural development projects, industrial development projects, international exports, and other types of employment in the state undertaken with the assistance of the authority under this chapter.

(13) Enter into contracts or agreements with lenders and lessors for the servicing and processing of loans and leases pursuant to this chapter, IC 4-4-21, and IC 15-7-5.

(14) Provide technical assistance to local public bodies and to profit and nonprofit entities in the development or operation of agricultural enterprises, rural development projects, and industrial development projects.

(15) To the extent permitted under its contract with the holders of the bonds of the authority, consent to any modification with respect to the rate of interest, time, and payment of any installment of principal or interest, or any other term of any contract, loan, loan note, loan note commitment, contract, lease, or agreement of any kind to which the authority is a party.

(16) To the extent permitted under its contract with the holders of bonds of the authority, enter into contracts with any lender containing provisions enabling it to reduce the rental or carrying charges to persons unable to pay the regular schedule of charges when, by reason of other income or payment by any department, agency, or instrumentality of the United States of America or of this state, the reduction can be made without jeopardizing the economic stability of the agricultural enterprise, rural development project, or industrial development project being financed.

(17) Invest any funds not needed for immediate disbursement, including any funds held in reserve, in direct and general obligations of or obligations fully and unconditionally guaranteed by the United States, obligations issued by agencies of the United States, obligations of this state, or any obligations or securities which may from time to time be legally purchased by governmental subdivisions of this state pursuant to IC 5-13, or any obligations or securities which are permitted investments for bond proceeds or any construction, debt service, or reserve funds secured under the trust indenture or resolution pursuant to which bonds are issued.

(18) Collect fees and charges, as the authority determines to be

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reasonable, in connection with its loans, guarantees, advances, insurance, commitments, and servicing.

(19) Cooperate and exchange services, personnel, and information with any federal, state, or local government agency, or instrumentality of the United States or this state.

(20) Sell, at public or private sale, with or without public bidding, any loan or other obligation held by the authority.

(21) Enter into agreements concerning, and acquire, hold, and dispose by any lawful means, land or interests in land, building improvements, structures, personal property, franchises, patents, accounts receivable, loans, assignments, guarantees, and insurance needed for the purposes of this chapter, IC 4-4-21, or IC 15-7-5.

(22) Take assignments of accounts receivable, loans, guarantees, insurance, notes, mortgages, security agreements securing notes, and other forms of security, attach, seize, or take title by foreclosure or conveyance to any industrial development project when a guaranteed loan thereon is clearly in default and when in the opinion of the authority such acquisition is necessary to safeguard the industrial development project guaranty fund, and sell, or on a temporary basis, lease, or rent such industrial development project for any use.

(23) Expend money, as the authority considers appropriate, from the industrial development project guaranty fund created by section 16 of this chapter.

(24) Purchase, lease as lessee, construct, remodel, rebuild, enlarge, or substantially improve industrial development projects, including land, machinery, equipment, or any combination thereof.

(25) Lease industrial development projects to users or developers, with or without an option to purchase.

(26) Sell industrial development projects to users or developers, for consideration to be paid in installments or otherwise.

(27) Make direct loans from the proceeds of the bonds to users or developers for:

(A) the cost of acquisition, construction, or installation of industrial development projects, including land, machinery, equipment, or any combination thereof; **or**

(B) **working capital expenditures for an educational facility project described in IC 4-4-10.9-6.2(a)(2);**

with the loans to be secured by the pledge of one (1) or more bonds, notes, warrants, or other secured or unsecured debt

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obligations of the users or developers.

(28) Lend or deposit the proceeds of bonds to or with a lender for the purpose of furnishing funds to such lender to be used for making a loan to a developer or user for the financing of industrial development projects under this chapter.

(29) Enter into agreements with users or developers to allow the users or developers, directly or as agents for the authority, to wholly or partially construct industrial development projects to be leased from or to be acquired by the authority.

(30) Establish reserves from the proceeds of the sale of bonds, other funds, or both, in the amount determined to be necessary by the authority to secure the payment of the principal and interest on the bonds.

(31) Adopt rules governing its activities authorized under this chapter, IC 4-4-21, and IC 15-7-5.

(32) Use the proceeds of bonds to make guaranteed participating loans.

(33) Purchase, discount, sell, and negotiate, with or without guaranty, notes and other evidences of indebtedness.

(34) Sell and guarantee securities.

(35) Make guaranteed participating loans under IC 4-4-21-26.

(36) Procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and any other insurance the authority considers necessary, including insurance to secure the payment of principal and interest on notes or other obligations of the authority.

(37) Provide performance bond guarantees to support eligible export loan transactions, subject to the terms of this chapter or IC 4-4-21.

(38) Provide financial counseling services to Indiana exporters.

(39) Accept gifts, grants, or loans from, and enter into contracts or other transactions with, any federal or state agency, municipality, private organization, or other source.

(40) Sell, convey, lease, exchange, transfer, or otherwise dispose of property or any interest in property, wherever the property is located.

(41) Cooperate with other public and private organizations to promote export trade activities in Indiana.

(42) Make guarantees and administer the agricultural loan and rural development project guarantee fund established by IC 15-7-5.

(43) Take assignments of notes and mortgages and security

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agreements securing notes and other forms of security, and attach, seize, or take title by foreclosure or conveyance to any agricultural enterprise or rural development project when a guaranteed loan to the enterprise or rural development project is clearly in default and when in the opinion of the authority the acquisition is necessary to safeguard the agricultural loan and rural development project guarantee fund, and sell, or on a temporary basis, lease or rent the agricultural enterprise or rural development project for any use.

(44) Expend money, as the authority considers appropriate, from the agricultural loan and rural development project guarantee fund created by IC 15-7-5-19.5.

(45) Reimburse from bond proceeds expenditures for industrial development projects under this chapter.

(46) Do any act necessary or convenient to the exercise of the powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or reasonably implied from those statutes, including but not limited to compliance with requirements of federal law imposed from time to time for the issuance of bonds.

(b) The authority's powers under this chapter shall be interpreted broadly to effectuate the purposes of this chapter and may not be construed as a limitation of powers.

(c) This chapter does not authorize the financing of industrial development projects for a developer unless any written agreement that may exist between the developer and the user at the time of the bond resolution is fully disclosed to and approved by the authority.

SECTION 4. IC 4-4-11-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The authority may enter into negotiations with one (1) or more persons concerning the terms and conditions of financing agreements for industrial development projects. The authority shall consider whether a proposed industrial development project may have an adverse competitive effect on similar industrial development projects already constructed or operating in the local governmental unit where the industrial development project will be located. Preliminary expenses in connection with negotiations under this section may be paid from:

- (1) money furnished by the proposed user or developer;
- (2) money made available by the state or federal government, or by any of their departments or agencies; or
- (3) money of the authority, exclusive of the industrial development project guaranty fund.

(b) The authority shall prepare a report that:



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- (1) briefly describes the proposed industrial development project;
- (2) estimates the number and expense of public works or services that would be made necessary or desirable by the proposed industrial development project, including public ways, schools, water, sewers, street lights, and fire protection;
- (3) estimates the total costs of the proposed industrial development project;
- (4) for an industrial development project that is not exclusively either a pollution control facility or an educational facility project, estimates the number of jobs and the payroll to be created or saved by the project;
- (5) for pollution control facilities, describes the facilities and how they will abate, reduce, or prevent pollution; and
- (6) for educational facility projects, describes ~~the facilities and~~ how the ~~facilities promote~~ **project promotes** the educational enrichment (including cultural, intellectual, scientific, or artistic opportunities) of the people of the state.

The report shall be submitted to the executive director or chairman of the plan commission, if any, having jurisdiction over the industrial development project and, if the number of new jobs estimated exceeds one hundred (100), to the superintendent of the school corporation where the industrial development project will be located. The executive director or chairman of the plan commission and the school superintendent may formulate their written comments concerning the report and transmit their comments, if any, to the authority within five (5) days from the receipt of the report.

(c) The authority shall hold a public hearing, which may be conducted by the authority, or any officer, member, or agent designated thereby, on the proposed financing agreement for the industrial development project, after giving notice by publication in one (1) newspaper of general circulation in the city, town, or county where the industrial development project is to be located at least ten (10) days in advance of this public hearing.

(d) If the authority finds that the industrial development project will be of benefit to the health, safety, morals, and general welfare of the area where the industrial development project is to be located, and complies with the purposes and provisions of this chapter, it may by resolution approve the proposed financing agreement. This resolution may also authorize the issuance of bonds payable solely from revenues and receipts derived from the financing agreement or from payments made under an agreement to guarantee obligations of the developer, a user, a related person, or the authority by a developer, a user, a related



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person thereto, or the authority pursuant to the industrial development project guaranty fund. The bonds are not in any respect a general obligation of the state, nor are they payable in any manner from revenues raised by taxation.

(e) A financing agreement approved under this section must provide for payments in an amount sufficient to pay the principal of, premium, if any, and interest on the bonds authorized for the financing of the industrial development project. However, interest payments for the anticipated construction period, plus a period of not more than one (1) year, may be funded in the bond issue. The term of a financing agreement may not exceed fifty (50) years from the date of any bonds issued under the financing agreement. However, a financing agreement does not terminate after fifty (50) years if a default under that financing agreement remains uncured, unless the termination is authorized by the terms of the financing agreement. If the authority retains an interest in the industrial development project, the financing agreement must require the user or the developer to pay all costs of maintenance, repair, taxes, assessments, insurance premiums, trustee's fees, and any other expenses relating to the industrial development projects, so that the authority will not incur any expenses on account of the industrial development projects other than those that are covered by the payments provided for in the financing agreement."

Page 26, line 36, delete "and one-half".

Page 26, line 36, delete "(6.5%);" and insert "(6%);".

Page 27, line 6, delete "and one-half".

Page 27, line 6, delete "(6.5%)" and insert "(6%)".

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1554 as introduced.)

BAUER, Chair

Committee Vote: yeas 21, nays 0.



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