



February 7, 2003

SENATE BILL No. 302

DIGEST OF SB 302 (Updated February 6, 2003 9:50 AM - DI 87)

Citations Affected: IC 36-7.

Synopsis: Economic development project districts. Provides that a municipality in a county that contains a manufacturing-concentrated workforce of more than 40% of the workforce located in the county may establish an economic development project district in order to finance projects through sales tax increment financing.

Effective: July 1, 2003.

**Riegsecker, Broden, Zakas, Meeks R,
Clark**

January 15, 2003, read first time and referred to Committee on Governmental Affairs and Interstate Cooperation.
February 6, 2003, amended, reported favorably — Do Pass; pursuant to Senate Rule 65(b), reassigned to Committee on Finance.

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SB 302—LS 7163/DI 44+



February 7, 2003

First Regular Session 113th General Assembly (2003)

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 2002 Regular or Special Session of the General Assembly.

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SENATE BILL No. 302

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

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

- 1 SECTION 1. IC 36-7-26-1, AS AMENDED BY P.L.170-2002,
2 SECTION 160, P.L.177-2002, SECTION 14, AND P.L.178-2002,
3 SECTION 120, IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2003]: Sec. 1. **(a)** This chapter applies to the
5 following:
6 (1) A city having a population of more than seventy-five thousand
7 (75,000) but less than ninety thousand (90,000).
8 (2) A city having a population of more than one hundred five
9 thousand (105,000) but less than one hundred twenty thousand
10 (120,000).
11 (3) A city having a population of more than one hundred fifty
12 thousand (150,000) but less than five hundred thousand
13 (500,000).
14 (4) A city having a population of more than one hundred twenty
15 thousand (120,000) but less than one hundred fifty thousand
16 (150,000).
17 **(b) This chapter also applies to a municipality located in a**

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1 **county described in section 1.1 of this chapter.**

2 SECTION 2. IC 36-7-26-1.1 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2003]: **Sec 1.1. (a) This section applies to a municipality located
5 in a county that contains a manufacturing-concentrated workforce
6 that exceeds forty percent (40%) of the workforce located in the
7 county.**

8 **(b) The general assembly finds that:**

9 **(1) the state economy has suffered due to a significant loss of
10 manufacturing jobs between January 1, 2000, and December
11 31, 2002;**

12 **(2) counties with a high manufacturing-concentrated
13 workforce relative to similarly situated Indiana counties are
14 at a greater risk of experiencing economic difficulties in the
15 event of an economic downturn in the United States or
16 Indiana; and**

17 **(3) municipalities located in counties described in subdivision
18 (2) possess unique economic challenges that require state
19 intervention to attract and retain jobs and revitalize
20 neighborhoods.**

21 SECTION 3. IC 36-7-26-14, AS AMENDED BY P.L.291-2001,
22 SECTION 201, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2003]: **Sec. 14. (a) Whenever a commission
24 determines that the redevelopment and economic development of an
25 area situated within the commission's jurisdiction may require the
26 establishment of a district, the commission shall cause to be assembled
27 data sufficient to make the determinations required under section 15 of
28 this chapter, including the following:**

29 **(1) Maps and plats showing the boundaries of the proposed
30 district.**

31 **(2) A complete list of street names and the range of street
32 numbers of each street situated in the proposed district.**

33 **(3) A plan for the redevelopment and economic development of
34 the proposed district. The plan must describe the local public
35 improvements necessary or appropriate for the redevelopment or
36 economic development.**

37 **(b) For a city described in section ~~1(2)~~, ~~1(3)~~ 1(a)(2), 1(a)(3), or 1(b)
38 of this chapter, the proposed district must contain a commercial retail
39 facility with at least five hundred thousand (500,000) square feet, and
40 any distributions from the fund must be used in the area described in
41 subsection (a) or in areas that directly benefit the area described in
42 subsection (a).**

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1 (c) For a city described in section 1(4) of this chapter, the proposed
 2 district may not contain any territory outside the boundaries of a
 3 redevelopment area established within the central business district of
 4 the city before 1985.

5 SECTION 4. IC 36-7-26-23, AS AMENDED BY P.L.177-2002,
 6 SECTION 15 AND P.L.178-2002, SECTION 121, IS AMENDED TO
 7 READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 23. (a)
 8 Before the first business day in October of each year, the board shall
 9 require the department to calculate the net increment for the preceding
 10 state fiscal year. The department shall transmit to the board a statement
 11 as to the net increment in sufficient time to permit the board to review
 12 the calculation and permit the transfers required by this section to be
 13 made on a timely basis.

14 (b) There is established a sales tax increment financing fund to be
 15 administered by the treasurer of state. The fund is comprised of two (2)
 16 accounts called the net increment account and the credit account.

17 (c) On the first business day in October of each year, that portion of
 18 the net increment calculated under subsection (a) that is needed:

19 (1) to pay debt service on the bonds issued under section 24 of
 20 this chapter or to pay lease rentals under section 24 of this
 21 chapter; and

22 (2) to establish and maintain a debt service reserve established by
 23 the commission or by a lessor that provides local public
 24 improvements to the commission;

25 shall be transferred to and deposited in the fund and credited to the net
 26 increment account. Money credited to the net increment account is
 27 pledged to the purposes described in subdivisions (1) and (2), subject
 28 to the other provisions of this chapter.

29 (d) On the first business day of October in each year, the remainder
 30 of:

31 (1) eighty percent (80%) of the gross increment; minus

32 (2) the amount credited to the net increment account on the same
 33 date;

34 shall be transferred and credited to the credit account.

35 (e) The remainder of:

36 (1) the gross increment; minus

37 (2) the amounts credited to the net increment account and the
 38 credit account;

39 shall be deposited by the auditor of state as other gross retail and use
 40 taxes are deposited.

41 (f) A city described in section ~~1(2), 1(3), or 1(4)~~ **1(a)(2), 1(a)(3),**
 42 **or 1(a)(4)** of this chapter may receive not more than fifty percent

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1 (50%) of the net increment each year. During the time a district exists
 2 in a city described in section ~~1(3) or 1(4)~~ **1(a)(3) or 1(a)(4)** of this
 3 chapter, not more than a total of one million dollars (\$1,000,000) of net
 4 increment may be paid to the city described in section ~~1(3) or 1(4)~~
 5 **1(a)(3) or 1(a)(4)** of this chapter. During each year that a district exists
 6 in a city described in section ~~1(2)~~ **1(a)(2)** of this chapter, not more than
 7 one million dollars (\$1,000,000) of net increment may be paid to the
 8 city described in section ~~1(2)~~ **1(a)(2)** of this chapter.

9 (g) The auditor of state shall disburse all money in the fund that is
 10 credited to the net increment account to the commission in equal
 11 semiannual installments on November 30 and May 31 of each year.

12 SECTION 5. IC 36-7-26-24, AS AMENDED BY P.L.177-2002,
 13 SECTION 16 AND P.L.178-2002, SECTION 122, IS AMENDED TO
 14 READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 24. (a) The
 15 commission may issue bonds, payable in whole or in part, from money
 16 distributed from the fund to the commission, to finance a local public
 17 improvement under IC 36-7-14-25.1 or may make lease rental
 18 payments for a local public improvement under IC 36-7-14-25.2 and
 19 IC 36-7-14-25.3. The term of any bonds issued under this section may
 20 not exceed twenty (20) years, nor may the term of any lease agreement
 21 entered into under this section exceed twenty (20) years. The
 22 commission shall transmit to the board a transcript of the proceedings
 23 with respect to the issuance of the bonds or the execution and delivery
 24 of a lease agreement as contemplated by this section. The transcript
 25 must include a debt service or lease rental schedule setting forth all
 26 payments required in connection with the bonds or the lease rentals.

27 (b) On January 15 of each year, the commission shall remit to the
 28 treasurer of state the money disbursed from the fund that is credited to
 29 the net increment account that exceeds the amount needed to pay debt
 30 service or lease rentals and to establish and maintain a debt service
 31 reserve under this chapter in the prior year and before May 31 of that
 32 year. Amounts remitted under this subsection shall be deposited by the
 33 auditor of state as other gross retail and use taxes are deposited.

34 (c) The commission in a city described in section ~~1(2)~~ **1(a)(2)** of this
 35 chapter may distribute money from the fund only for the following:

- 36 (1) Road, interchange, and right-of-way improvements.
- 37 (2) Acquisition costs of a commercial retail facility and for real
 38 property acquisition costs in furtherance of the road, interchange,
 39 and right-of-way improvements.
- 40 (3) Demolition of commercial property and any related expenses
 41 incurred before or after the demolition of the commercial
 42 property.



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- 1 (4) For physical improvements or alterations of property that
- 2 enhance the commercial viability of the district.
- 3 (d) The commission in a city described in section ~~†(3)~~ **1(a)(3)** of
- 4 this chapter may distribute money from the fund only for the following
- 5 purposes:
- 6 (1) For road, interchange, and right-of-way improvements and for
- 7 real property acquisition costs in furtherance of the road,
- 8 interchange, and right-of-way improvements.
- 9 (2) For the demolition of commercial property and any related
- 10 expenses incurred before or after the demolition of the
- 11 commercial property.
- 12 (e) The commission in a city described in section ~~†(4)~~ **1(a)(4)** of this
- 13 chapter may distribute money from the fund only for the following
- 14 purposes:
- 15 (1) For:
- 16 (A) the acquisition, demolition, and renovation of property;
- 17 and
- 18 (B) site preparation and financing;
- 19 related to the development of housing in the district.
- 20 (2) For physical improvements or alterations of property that
- 21 enhance the commercial viability of the district.

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SENATE MOTION

Mr. President: I move that Senator Broden be added as coauthor of Senate Bill 302.

RIEGSECKER

SENATE MOTION

Mr. President: I move that Senators Zakas, Meeks R and Clark be added as coauthors of Senate Bill 302.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental Affairs and Interstate Cooperation, to which was referred Senate Bill No. 302, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 4, after "Sec. 1." insert "(a)".

Page 1, delete line 17, begin a new paragraph and insert:

"(b) This chapter also applies to a municipality located in a county described in section 1.1 of this chapter.

SECTION 2. IC 36-7-26-1.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec 1.1. (a) This section applies to a municipality located in a county that contains a manufacturing-concentrated workforce that exceeds forty percent (40%) of the workforce located in the county.**

(b) The general assembly finds that:

(1) the state economy has suffered due to a significant loss of manufacturing jobs between January 1, 2000, and December 31, 2002;

(2) counties with a high manufacturing-concentrated workforce relative to similarly situated Indiana counties are at a greater risk of experiencing economic difficulties in the event of an economic downturn in the United States or Indiana; and

(3) municipalities located in counties described in subdivision (2) possess unique economic challenges that require state intervention to attract and retain jobs and revitalize neighborhoods."

Page 2, delete line 1.

Page 2, line 18, strike "1(2), 1(3)" and insert "**1(a)(2), 1(a)(3),**".

Page 2, line 18, delete "1(5)" and insert "**1(b)**".

Page 2, after line 27, begin a new paragraph and insert:

"SECTION 4. IC 36-7-26-23, AS AMENDED BY P.L.177-2002, SECTION 15 AND P.L.178-2002, SECTION 121, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 23. (a)** Before the first business day in October of each year, the board shall require the department to calculate the net increment for the preceding state fiscal year. The department shall transmit to the board a statement as to the net increment in sufficient time to permit the board to review the calculation and permit the transfers required by this section to be made on a timely basis.

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(b) There is established a sales tax increment financing fund to be administered by the treasurer of state. The fund is comprised of two (2) accounts called the net increment account and the credit account.

(c) On the first business day in October of each year, that portion of the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(f) A city described in section ~~1(2)~~, ~~1(3)~~, or ~~1(4)~~ **1(a)(2)**, **1(a)(3)**, or **1(a)(4)** of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section ~~1(3)~~ or ~~1(4)~~ **1(a)(3)** or **1(a)(4)** of this chapter, not more than a total of one million dollars (\$1,000,000) of net increment may be paid to the city described in section ~~1(3)~~ or ~~1(4)~~ **1(a)(3)** or **1(a)(4)** of this chapter. During each year that a district exists in a city described in section ~~1(2)~~ **1(a)(2)** of this chapter, not more than one million dollars (\$1,000,000) of net increment may be paid to the city described in section ~~1(2)~~ **1(a)(2)** of this chapter.

(g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 5. IC 36-7-26-24, AS AMENDED BY P.L.177-2002, SECTION 16 AND P.L.178-2002, SECTION 122, IS AMENDED TO

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READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed twenty (20) years, nor may the term of any lease agreement entered into under this section exceed twenty (20) years. The commission shall transmit to the board a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section ~~1(2)~~ **1(a)(2)** of this chapter may distribute money from the fund only for the following:

- (1) Road, interchange, and right-of-way improvements.
- (2) Acquisition costs of a commercial retail facility and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.
- (3) Demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.
- (4) For physical improvements or alterations of property that enhance the commercial viability of the district.

(d) The commission in a city described in section ~~1(3)~~ **1(a)(3)** of this chapter may distribute money from the fund only for the following purposes:

- (1) For road, interchange, and right-of-way improvements and for real property acquisition costs in furtherance of the road, interchange, and right-of-way improvements.
- (2) For the demolition of commercial property and any related expenses incurred before or after the demolition of the commercial property.

(e) The commission in a city described in section ~~1(4)~~ **1(a)(4)** of this chapter may distribute money from the fund only for the following

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purposes:

(1) For:

(A) the acquisition, demolition, and renovation of property;
and

(B) site preparation and financing;
related to the development of housing in the district.

(2) For physical improvements or alterations of property that
enhance the commercial viability of the district.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 302 as introduced.)

RIEGSECKER, Chairperson

Committee Vote: Yeas 10, Nays 0.

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REPORT OF THE PRESIDENT
PRO TEMPORE

Mr. President: Pursuant to Senate Rule 65(b), I hereby report that, subsequent to the adoption of the Governmental Affairs and Interstate Cooperation Committee Report on February 6, 2003, Senate Bill 302 was reassigned to the Committee on Finance.

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