

SENATE BILL No. 254

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12.1.

Synopsis: Property tax abatement. Repeals the prohibition against approval of new tax abatements after December 31, 2005. Repeals the limitation of tax abatements for new logistical distribution equipment and new information technology equipment to certain counties located along Interstate Highway 69. Makes conforming changes.

Effective: July 1, 2005.

Ford

January 6, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

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SENATE BILL No. 254



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 6-1.1-12.1-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. For purposes of this
3 chapter:

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

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

17 (B) a residentially distressed area, except as otherwise



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- 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;
 - (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.
- (5) "Redevelopment" means the construction of new structures in economic revitalization areas, either:
 - (A) on unimproved real estate; or
 - (B) on real estate upon which a prior existing structure is demolished to allow for a new construction.
- (6) "Rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property.
- (7) "Designating body" means the following:
 - (A) For a county that does not contain a consolidated city, the fiscal body of the county, city, or town.
 - (B) For a county containing a consolidated city, the metropolitan development commission.
- (8) "Deduction application" means either:

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1 (A) the application filed in accordance with section 5 of this
 2 chapter by a property owner who desires to obtain the
 3 deduction provided by section 3 of this chapter; or
 4 (B) the application filed in accordance with ~~section 5.5~~ **section**
 5 **5.4** of this chapter by a person who desires to obtain the
 6 deduction provided by section 4.5 of this chapter.

7 (9) "Designation application" means an application that is filed
 8 with a designating body to assist that body in making a
 9 determination about whether a particular area should be
 10 designated as an economic revitalization area.

11 (10) "Hazardous waste" has the meaning set forth in
 12 IC 13-11-2-99(a). The term includes waste determined to be a
 13 hazardous waste under IC 13-22-2-3(b).

14 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
 15 However, the term does not include dead animals or any animal
 16 solid or semisolid wastes.

17 (12) "New research and development equipment" means tangible
 18 personal property that:
 19 (A) is installed after June 30, 2000, ~~and before January 1,~~
 20 ~~2006~~; in an economic revitalization area in which a deduction
 21 for tangible personal property is allowed;
 22 (B) consists of:
 23 (i) laboratory equipment;
 24 (ii) research and development equipment;
 25 (iii) computers and computer software;
 26 (iv) telecommunications equipment; or
 27 (v) testing equipment;
 28 (C) is used in research and development activities devoted
 29 directly and exclusively to experimental or laboratory research
 30 and development for new products, new uses of existing
 31 products, or improving or testing existing products; and
 32 (D) is acquired by the property owner for purposes described
 33 in this subdivision and was never before used by the owner for
 34 any purpose in Indiana.

35 The term does not include equipment installed in facilities used
 36 for or in connection with efficiency surveys, management studies,
 37 consumer surveys, economic surveys, advertising or promotion,
 38 or research in connection with literacy, history, or similar
 39 projects.

40 (13) "New logistical distribution equipment" means tangible
 41 personal property that:
 42 (A) is installed after June 30, 2004, ~~and before January 1,~~

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1 ~~2006~~; in an economic revitalization area
2 (i) in which a deduction for tangible personal property is
3 allowed; ~~and~~
4 (ii) ~~located in a county referred to in section 2.3 of this~~
5 ~~chapter, subject to section 2.3(c) of this chapter.~~
6 (B) consists of:
7 (i) racking equipment;
8 (ii) scanning or coding equipment;
9 (iii) separators;
10 (iv) conveyors;
11 (v) forklifts or lifting equipment (including "walk behinds");
12 (vi) transitional moving equipment;
13 (vii) packaging equipment;
14 (viii) sorting and picking equipment; or
15 (ix) software for technology used in logistical distribution;
16 (C) is used for the storage or distribution of goods, services, or
17 information; and
18 (D) before being used as described in clause (C), was never
19 used by its owner for any purpose in Indiana.
20 (14) "New information technology equipment" means tangible
21 personal property that:
22 (A) is installed after June 30, 2004, ~~and before January 1,~~
23 ~~2006~~; in an economic revitalization area
24 (i) in which a deduction for tangible personal property is
25 allowed; ~~and~~
26 (ii) ~~located in a county referred to in section 2.3 of this~~
27 ~~chapter, subject to section 2.3(c) of this chapter.~~
28 (B) consists of equipment, including software, used in the
29 fields of:
30 (i) information processing;
31 (ii) office automation;
32 (iii) telecommunication facilities and networks;
33 (iv) informatics;
34 (v) network administration;
35 (vi) software development; and
36 (vii) fiber optics; and
37 (C) before being installed as described in clause (A), was
38 never used by its owner for any purpose in Indiana.
39 SECTION 2. IC 6-1.1-12.1-2 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A designating
41 body may find that a particular area within its jurisdiction is an
42 economic revitalization area. However, the deduction provided by this

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1 chapter for economic revitalization areas not within a city or town shall
2 not be available to retail businesses.

3 (b) In a county containing a consolidated city or within a city or
4 town, a designating body may find that a particular area within its
5 jurisdiction is a residentially distressed area. Designation of an area as
6 a residentially distressed area has the same effect as designating an
7 area as an economic revitalization area, except that the amount of the
8 deduction shall be calculated as specified in section 4.1 of this chapter
9 and the deduction is allowed for not more than five (5) years. In order
10 to declare a particular area a residentially distressed area, the
11 designating body must follow the same procedure that is required to
12 designate an area as an economic revitalization area and must make all
13 the following additional findings or all the additional findings
14 described in subsection (c):

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

19 (2) Any dwellings in the area are not permanently occupied and
20 are:

21 (A) the subject of an order issued under IC 36-7-9; or

22 (B) evidencing significant building deficiencies.

23 (3) Parcels of property in the area:

24 (A) have been sold and not redeemed under IC 6-1.1-24 and
25 IC 6-1.1-25; or

26 (B) are owned by a unit of local government.

27 However, in a city in a county having a population of more than two
28 hundred thousand (200,000) but less than three hundred thousand
29 (300,000), the designating body is only required to make one (1) of the
30 additional findings described in this subsection or one (1) of the
31 additional findings described in subsection (c).

32 (c) In a county containing a consolidated city or within a city or
33 town, a designating body that wishes to designate a particular area a
34 residentially distressed area may make the following additional
35 findings as an alternative to the additional findings described in
36 subsection (b):

37 (1) A significant number of dwelling units within the area are not
38 permanently occupied or a significant number of parcels in the
39 area are vacant land.

40 (2) A significant number of dwelling units within the area are:

41 (A) the subject of an order issued under IC 36-7-9; or

42 (B) evidencing significant building deficiencies.

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

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

8 However, in a city in a county having a population of more than two
9 hundred thousand (200,000) but less than three hundred thousand
10 (300,000), the designating body is only required to make one (1) of the
11 additional findings described in this subsection as an alternative to one
12 (1) of the additional findings described in subsection (b).

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

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

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

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

23 (f) The property tax deductions provided by sections 3 and 4.5 of
24 this chapter are only available within an area which the designating
25 body finds to be an economic revitalization area.

26 (g) The designating body may adopt a resolution establishing
27 general standards to be used, along with the requirements set forth in
28 the definition of economic revitalization area, by the designating body
29 in finding an area to be an economic revitalization area. The standards
30 must have a reasonable relationship to the development objectives of
31 the area in which the designating body has jurisdiction. The following
32 three (3) sets of standards may be established:

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

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

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

40 (h) A designating body may impose a fee for filing a designation
41 application for a person requesting the designation of a particular area
42 as an economic revitalization area. The fee may be sufficient to defray

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1 actual processing and administrative costs. However, the fee charged
 2 for filing a designation application for a parcel that contains one (1) or
 3 more owner-occupied, single-family dwellings may not exceed the cost
 4 of publishing the required notice.

5 (i) In declaring an area an economic revitalization area, the
 6 designating body may:

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

9 (2) limit the type of deductions that will be allowed within the
 10 economic revitalization area to either the deduction allowed under
 11 section 3 of this chapter or the deduction allowed under section
 12 4.5 of this chapter;

13 (3) limit the dollar amount of the deduction that will be allowed
 14 with respect to new manufacturing equipment, new research and
 15 development equipment, new logistical distribution equipment,
 16 and new information technology equipment if a deduction under
 17 this chapter had not been filed before July 1, 1987, for that
 18 equipment;

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

23 (5) impose reasonable conditions related to the purpose of this
 24 chapter or to the general standards adopted under subsection (g)
 25 for allowing the deduction for the redevelopment or rehabilitation
 26 of the property or the installation of the new manufacturing
 27 equipment, new research and development equipment, new
 28 logistical distribution equipment, or new information technology
 29 equipment.

30 To exercise one (1) or more of these powers, a designating body must
 31 include this fact in the resolution passed under section 2.5 of this
 32 chapter.

33 (j) Notwithstanding any other provision of this chapter, if a
 34 designating body limits the time period during which an area is an
 35 economic revitalization area, that limitation does not:

36 (1) prevent a taxpayer from obtaining a deduction for new
 37 manufacturing equipment, new research and development
 38 equipment, new logistical distribution equipment, or new
 39 information technology equipment installed ~~before January 1,~~
 40 ~~2006,~~ but after the expiration of the economic revitalization area
 41 if:

42 (A) the economic revitalization area designation expires after

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1 December 30, 1995; and
 2 (B) the new manufacturing equipment, new research and
 3 development equipment, new logistical distribution
 4 equipment, or new information technology equipment was
 5 described in a statement of benefits submitted to and approved
 6 by the designating body in accordance with section 4.5 of this
 7 chapter before the expiration of the economic revitalization
 8 area designation; or
 9 (2) limit the length of time a taxpayer is entitled to receive a
 10 deduction to a number of years that is less than the number of
 11 years designated under section 4 or 4.5 of this chapter.
 12 (k) Notwithstanding any other provision of this chapter, deductions:
 13 (1) that are authorized under section 3 of this chapter for property
 14 in an area designated as an urban development area before March
 15 1, 1983, and that are based on an increase in assessed valuation
 16 resulting from redevelopment or rehabilitation that occurs before
 17 March 1, 1983; or
 18 (2) that are authorized under section 4.5 of this chapter for new
 19 manufacturing equipment installed in an area designated as an
 20 urban development area before March 1, 1983;
 21 apply according to the provisions of this chapter as they existed at the
 22 time that an application for the deduction was first made. No deduction
 23 that is based on the location of property or new manufacturing
 24 equipment in an urban development area is authorized under this
 25 chapter after February 28, 1983, unless the initial increase in assessed
 26 value resulting from the redevelopment or rehabilitation of the property
 27 or the installation of the new manufacturing equipment occurred before
 28 March 1, 1983.
 29 (l) If property located in an economic revitalization area is also
 30 located in an allocation area (as defined in IC 36-7-14-39 or
 31 IC 36-7-15.1-26), an application for the property tax deduction
 32 provided by this chapter may not be approved unless the commission
 33 that designated the allocation area adopts a resolution approving the
 34 application.
 35 SECTION 3. THE FOLLOWING ARE REPEALED [EFFECTIVE
 36 JULY 1, 2005]: IC 6-1.1-12.1-2.3; IC 6-1.1-12.1-9.

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