



February 1, 2011

HOUSE BILL No. 1007

DIGEST OF HB 1007 (Updated January 27, 2011 10:25 am - DI 113)

Citations Affected: IC 6-1.1; IC 6-3.5.

Synopsis: Tax incentives. Permits a county, city, or town to provide a tax exemption for enterprise information technology equipment after December 31, 2012. Permits a county to approve property tax deductions for one or more types of new personal property. Allows a property owner to deduct a part of the expenses incurred by the property owner in rehabilitating a building or structure on the property if the building or structure is at least 25 years old. Permits a city, town, or county to enhance property tax abatement schedules to allow up to three years of 100% abatement if the business meets one of the following criteria: (1) locates in a large vacant building; (2) agrees to invest at least \$10 million in the community; (3) rehabilitates and occupies property in designated downtown areas; or (4) locates in a county with high unemployment. Authorizes an alternative method for calculating the amount of a property tax abatement that ties the duration of the abatement to the scope of the project as measured by the amount of the investment in real and personal property, the number of new jobs, and the wages paid on the new jobs. Authorizes cities and counties to pay hiring incentives for new employment in their jurisdictions. Requires hiring incentives to be paid from local option income taxes received by the city or county. Provides that the hiring incentives may not exceed the local option income taxes paid by the new employees.

Effective: July 1, 2011.

Messmer, Smith M, Stemler, Cherry

January 12, 2011, read first time and referred to Committee on Commerce, Small Business and Economic Development.
January 31, 2011, amended, reported — Do Pass.

HB 1007—LS 7337/DI 92+

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February 1, 2011

First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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HOUSE BILL No. 1007

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 6-1.1-10-44, AS ADDED BY P.L.163-2009,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2011]: Sec. 44. (a) As used in this section, "designating body"
4 means the fiscal body of:
5 (1) a county that does not contain a consolidated city; or
6 (2) a municipality.
7 (b) As used in this section, "eligible business" means an entity that
8 meets the following requirements:
9 (1) The entity is engaged in a business that operates one (1) or
10 more facilities dedicated to computing, networking, or data
11 storage activities.
12 (2) The entity is located in a facility or data center in Indiana.
13 (3) The entity invests in the aggregate at least ten million dollars
14 (\$10,000,000) in real and personal property in Indiana after June
15 30, 2009.
16 (4) The average employee wage of the entity is at least one
17 hundred twenty-five percent (125%) of the county average wage

HB 1007—LS 7337/DI 92+



1 for each county in which the entity conducts business operations.

2 (c) As used in this section, "enterprise information technology
3 equipment" means the following:

4 (1) Hardware supporting computing, networking, or data storage
5 functions, including servers and routers.

6 (2) Networking systems having an industry designation as
7 equipment within the "enterprise" or "data center" class of
8 networking systems that support the computing, networking, or
9 data storage functions.

10 (3) Generators and other equipment used to ensure an
11 uninterrupted power supply to equipment described in subdivision
12 (1) or (2).

13 The term does not include computer hardware designed for single user,
14 workstation, or departmental level use.

15 (d) As used in this section, "fiscal body" has the meaning set forth
16 in IC 36-1-2-6.

17 (e) As used in this section, "municipality" has the meaning set forth
18 in IC 36-1-2-11.

19 (f) As used in this section, "qualified property" means enterprise
20 information technology equipment purchased after June 30, 2009.

21 (g) Before adopting a final resolution under subsection (h) to
22 provide a property tax exemption, a designating body must first adopt
23 a declaratory resolution provisionally specifying that qualified property
24 owned by a particular eligible business is exempt from property
25 taxation. The designating body shall file a declaratory resolution
26 adopted under this subsection with the county assessor. After a
27 designating body adopts a declaratory resolution specifying that
28 qualified property owned by a particular eligible business is exempt
29 from property taxation, the designating body shall publish notice of the
30 adoption and the substance of the declaratory resolution in accordance
31 with IC 5-3-1 and file a copy of the notice and the declaratory
32 resolution with each taxing unit in the county. The notice must specify
33 a date when the designating body will receive and hear all
34 remonstrances and objections from interested persons. The designating
35 body shall file the notice and the declaratory resolution with the
36 officers of the taxing units who are authorized to fix budgets, tax rates,
37 and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date
38 for the public hearing. After the designating body considers the
39 testimony presented at the public hearing, the designating body may
40 adopt a second and final resolution under subsection (h). The second
41 and final resolution under subsection (h) may modify, confirm, or
42 rescind the declaratory resolution.

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1 (h) ~~Before January 1, 2013,~~ A designating body may, after following
 2 the procedures of subsection (g), adopt a final resolution providing that
 3 qualified property owned by a particular eligible business is exempt
 4 from property taxation. In the case of a county, the exemption applies
 5 only to qualified property that is located in unincorporated territory of
 6 the county. In the case of a municipality, the exemption applies only to
 7 qualified property that is located in the municipality. The property tax
 8 exemption applies to the qualified property only if the designating body
 9 and the eligible business enter into an agreement concerning the
 10 property tax exemption. The agreement must specify the duration of the
 11 property tax exemption. The agreement may specify that if the
 12 ownership of qualified property is transferred by an eligible business,
 13 the transferee is entitled to the property tax exemption on the same
 14 terms as the transferor. If a designating body adopts a final resolution
 15 under this subsection and enters into an agreement with an eligible
 16 business, the qualified property owned by the eligible business is
 17 exempt from property taxation as provided in the resolution and the
 18 agreement.

19 (i) If a designating body adopts a final resolution and enters into an
 20 agreement under subsection (h) to provide a property tax exemption,
 21 the property tax exemption continues for the period specified in the
 22 agreement. ~~notwithstanding the January 1, 2013, deadline to adopt a~~
 23 ~~final resolution under subsection (h):~~

24 SECTION 2. IC 6-1.1-10-45 IS ADDED TO THE INDIANA CODE
 25 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 26 1, 2011]: **Sec. 45. (a) The following definitions apply throughout**
 27 **this section:**

28 (1) "Exemption" refers to an exemption authorized in an
 29 ordinance adopted under this section.

30 (2) "Fiscal body" refers to the fiscal body of a county as
 31 specified in IC 36-1-2-6.

32 (3) "New personal property" means tangible personal
 33 property that a person:

34 (A) acquires after June 30, 2011:

35 (i) in an arms length transaction from an entity that is
 36 not an affiliate of the person, if the tangible personal
 37 property has been previously used in Indiana before the
 38 person acquires the tangible personal property; or

39 (ii) in any manner, if the tangible personal property has
 40 never been previously used in Indiana before the person
 41 acquires the tangible personal property; and

42 (B) has never used for any purpose in Indiana before the

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1 person acquires the tangible personal property.
 2 (4) "Ordinance" refers to an ordinance adopted under this
 3 section.
 4 (b) After conducting a public hearing on the proposed
 5 ordinance, a fiscal body may adopt an ordinance to exempt new
 6 personal property located in the county from property taxation.
 7 The ordinance must specify the duration of the exemption. A fiscal
 8 body may amend an ordinance in the manner provided for
 9 adopting an ordinance.
 10 (c) An ordinance adopted under subsection (b) may provide for
 11 the uniform exemption of all new personal property located in the
 12 county from property taxation. Instead of exempting all new
 13 personal property located in the county, the ordinance may limit
 14 the exemption to:
 15 (1) one (1) or more classes of property described in the
 16 ordinance;
 17 (2) improvements made or property initially installed or
 18 placed in service in the county after a date specified in the
 19 ordinance; or
 20 (3) both subdivisions (1) and (2).
 21 A fiscal body may use any reasonable system of classification to
 22 identify the property that is eligible for exemption under this
 23 section.
 24 (d) After a public hearing on the proposed ordinance, a fiscal
 25 body may rescind an ordinance adopted under subsection (b).
 26 (e) Before adopting an ordinance under this section, a fiscal
 27 body shall conduct a public hearing on the proposed ordinance.
 28 The fiscal body shall:
 29 (1) publish notice of the public hearing in accordance with
 30 IC 5-3-1; and
 31 (2) not later than ten (10) days before the public hearing, file
 32 the notice with each taxing unit in the county.
 33 (f) An ordinance adopted under this section does not apply to an
 34 assessment date occurring in the same year in which the ordinance
 35 is adopted.
 36 (g) The fiscal body shall provide a certified copy of an adopted
 37 ordinance to the department of local government finance and the
 38 county auditor.
 39 (h) A taxpayer is not required to file an application to qualify
 40 for an exemption permitted under this section.
 41 (i) The department of local government finance shall
 42 incorporate an exemption established under this section in the

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1 personal property return form to be used each year for filing under
2 this article to permit the taxpayer to enter the exemption on the
3 form. If a taxpayer fails to enter the exemption on the form, the
4 township assessor, the county assessor if there is no township
5 assessor for the township, or the department of local government
6 finance, if the department of local government finance assesses the
7 personal property, shall:

- 8 (1) determine the amount of the exemption; and
- 9 (2) within the period established in IC 6-1.1-16-1, issue a
10 notice of assessment to the taxpayer that reflects the
11 application of the exemption to the personal property.

12 (j) An exemption established under this section must be applied
13 to any personal property assessment made by:

- 14 (1) an assessing official;
- 15 (2) a county property tax board of appeals; or
- 16 (3) the department of local government finance.

17 SECTION 3. IC 6-1.1-12-22, AS AMENDED BY P.L.144-2008,
18 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 JULY 1, 2011]: Sec. 22. (a) If the assessed value of property is
20 increased because it has been rehabilitated and the owner has paid at
21 least ten thousand dollars (\$10,000) for the rehabilitation, the owner is
22 entitled to have deducted from the assessed value of the property an
23 amount equal to fifty percent (50%) of the increase in assessed value
24 resulting from the rehabilitation. The owner is entitled to this deduction
25 annually for a five (5) year period. However, the maximum deduction
26 which a property owner may receive under this section for a particular
27 year is:

- 28 (1) one hundred twenty-four thousand eight hundred dollars
29 (\$124,800) for a single family dwelling unit; or
- 30 (2) three hundred thousand dollars (\$300,000) for any other type
31 of property.

32 (b) For purposes of this section, the term "property" means a
33 building or structure which was erected at least ~~fifty (50)~~ **twenty-five**
34 **(25)** years before the date of application for the deduction provided by
35 this section. The term "property" does not include land.

36 (c) For purposes of this section, the term "rehabilitation" means
37 significant repairs, replacements, or improvements to an existing
38 structure that are intended to increase the livability, utility, safety, or
39 value of the property under rules adopted by the department of local
40 government finance.

41 (d) The deduction provided by this section applies only if the
42 property owner:

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- 1 (1) owns the property; or
- 2 (2) is buying the property under contract;
- 3 on the assessment date of the year in which an application must be filed
- 4 under section 24 of this chapter.

5 SECTION 4. IC 6-1.1-12.1-4, AS AMENDED BY P.L.219-2007,
 6 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2011]: Sec. 4. (a) Except as provided in section 2(i)(4) of this
 8 chapter, and subject to section 15 of this chapter, the amount of the
 9 deduction which the property owner is entitled to receive under section
 10 3 of this chapter for a particular year equals the product of:

- 11 (1) the increase in the assessed value resulting from the
- 12 rehabilitation or redevelopment; multiplied by

13 (2) **either of the following:**

14 (A) The percentage prescribed in the table set forth in
 15 subsection (d).

16 (B) **The percentage prescribed by section 17 of this chapter**
 17 **if the designating body elects to use the method set forth in**
 18 **section 17 of this chapter.**

19 (b) The amount of the deduction determined under subsection (a)
 20 shall be adjusted in accordance with this subsection in the following
 21 circumstances:

22 (1) If a general reassessment of real property occurs within the
 23 particular period of the deduction, the amount determined under
 24 subsection (a)(1) shall be adjusted to reflect the percentage
 25 increase or decrease in assessed valuation that resulted from the
 26 general reassessment.

27 (2) If an appeal of an assessment is approved that results in a
 28 reduction of the assessed value of the redeveloped or rehabilitated
 29 property, the amount of any deduction shall be adjusted to reflect
 30 the percentage decrease that resulted from the appeal.

31 The department of local government finance shall adopt rules under
 32 IC 4-22-2 to implement this subsection.

33 (c) Property owners who had an area designated an urban
 34 development area pursuant to an application filed prior to January 1,
 35 1979, are only entitled to the deduction for the first through the fifth
 36 years as provided in subsection (d)(10). In addition, property owners
 37 who are entitled to a deduction under this chapter pursuant to an
 38 application filed after December 31, 1978, and before January 1, 1986,
 39 are entitled to a deduction for the first through the tenth years, as
 40 provided in subsection (d)(10).

41 (d) The percentage ~~to be~~ **that may be** used in calculating the
 42 deduction under subsection ~~(a)~~ **(a)(2)(A)** is as follows:

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| 1 | (1) For deductions allowed over a one (1) year period: | |
| 2 | YEAR OF DEDUCTION | PERCENTAGE |
| 3 | 1st | 100% |
| 4 | (2) For deductions allowed over a two (2) year period: | |
| 5 | YEAR OF DEDUCTION | PERCENTAGE |
| 6 | 1st | 100% |
| 7 | 2nd | 50% |
| 8 | (3) For deductions allowed over a three (3) year period: | |
| 9 | YEAR OF DEDUCTION | PERCENTAGE |
| 10 | 1st | 100% |
| 11 | 2nd | 66% |
| 12 | 3rd | 33% |
| 13 | (4) For deductions allowed over a four (4) year period: | |
| 14 | YEAR OF DEDUCTION | PERCENTAGE |
| 15 | 1st | 100% |
| 16 | 2nd | 75% |
| 17 | 3rd | 50% |
| 18 | 4th | 25% |
| 19 | (5) For deductions allowed over a five (5) year period: | |
| 20 | YEAR OF DEDUCTION | PERCENTAGE |
| 21 | 1st | 100% |
| 22 | 2nd | 80% |
| 23 | 3rd | 60% |
| 24 | 4th | 40% |
| 25 | 5th | 20% |
| 26 | (6) For deductions allowed over a six (6) year period: | |
| 27 | YEAR OF DEDUCTION | PERCENTAGE |
| 28 | 1st | 100% |
| 29 | 2nd | 85% |
| 30 | 3rd | 66% |
| 31 | 4th | 50% |
| 32 | 5th | 34% |
| 33 | 6th | 17% |
| 34 | (7) For deductions allowed over a seven (7) year period: | |
| 35 | YEAR OF DEDUCTION | PERCENTAGE |
| 36 | 1st | 100% |
| 37 | 2nd | 85% |
| 38 | 3rd | 71% |
| 39 | 4th | 57% |
| 40 | 5th | 43% |
| 41 | 6th | 29% |
| 42 | 7th | 14% |

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

| 2 YEAR OF DEDUCTION | PERCENTAGE |
|---------------------|------------|
| 3 1st | 100% |
| 4 2nd | 88% |
| 5 3rd | 75% |
| 6 4th | 63% |
| 7 5th | 50% |
| 8 6th | 38% |
| 9 7th | 25% |
| 10 8th | 13% |

11 (9) For deductions allowed over a nine (9) year period:

| 12 YEAR OF DEDUCTION | PERCENTAGE |
|----------------------|------------|
| 13 1st | 100% |
| 14 2nd | 88% |
| 15 3rd | 77% |
| 16 4th | 66% |
| 17 5th | 55% |
| 18 6th | 44% |
| 19 7th | 33% |
| 20 8th | 22% |
| 21 9th | 11% |

22 (10) For deductions allowed over a ten (10) year period:

| 23 YEAR OF DEDUCTION | PERCENTAGE |
|----------------------|------------|
| 24 1st | 100% |
| 25 2nd | 95% |
| 26 3rd | 80% |
| 27 4th | 65% |
| 28 5th | 50% |
| 29 6th | 40% |
| 30 7th | 30% |
| 31 8th | 20% |
| 32 9th | 10% |
| 33 10th | 5% |

34 SECTION 5. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.146-2008,
 35 SECTION 122, IS AMENDED TO READ AS FOLLOWS
 36 [EFFECTIVE JULY 1, 2011]: Sec. 4.5. (a) An applicant must provide
 37 a statement of benefits to the designating body. The applicant must
 38 provide the completed statement of benefits form to the designating
 39 body before the hearing specified in section 2.5(c) of this chapter or
 40 before the installation of the new manufacturing equipment, new
 41 research and development equipment, new logistical distribution
 42 equipment, or new information technology equipment for which the

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1 person desires to claim a deduction under this chapter. The department
 2 of local government finance shall prescribe a form for the statement of
 3 benefits. The statement of benefits must include the following
 4 information:

5 (1) A description of the new manufacturing equipment, new
 6 research and development equipment, new logistical distribution
 7 equipment, or new information technology equipment that the
 8 person proposes to acquire.

9 (2) With respect to:

10 (A) new manufacturing equipment not used to dispose of solid
 11 waste or hazardous waste by converting the solid waste or
 12 hazardous waste into energy or other useful products; and

13 (B) new research and development equipment, new logistical
 14 distribution equipment, or new information technology
 15 equipment;

16 an estimate of the number of individuals who will be employed or
 17 whose employment will be retained by the person as a result of
 18 the installation of the new manufacturing equipment, new
 19 research and development equipment, new logistical distribution
 20 equipment, or new information technology equipment and an
 21 estimate of the annual salaries of these individuals.

22 (3) An estimate of the cost of the new manufacturing equipment,
 23 new research and development equipment, new logistical
 24 distribution equipment, or new information technology
 25 equipment.

26 (4) With respect to new manufacturing equipment used to dispose
 27 of solid waste or hazardous waste by converting the solid waste
 28 or hazardous waste into energy or other useful products, an
 29 estimate of the amount of solid waste or hazardous waste that will
 30 be converted into energy or other useful products by the new
 31 manufacturing equipment.

32 The statement of benefits may be incorporated in a designation
 33 application. Notwithstanding any other law, a statement of benefits is
 34 a public record that may be inspected and copied under IC 5-14-3-3.

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

40 (1) Whether the estimate of the cost of the new manufacturing
 41 equipment, new research and development equipment, new
 42 logistical distribution equipment, or new information technology

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1 equipment is reasonable for equipment of that type.
 2 (2) With respect to:
 3 (A) new manufacturing equipment not used to dispose of solid
 4 waste or hazardous waste by converting the solid waste or
 5 hazardous waste into energy or other useful products; and
 6 (B) new research and development equipment, new logistical
 7 distribution equipment, or new information technology
 8 equipment;
 9 whether the estimate of the number of individuals who will be
 10 employed or whose employment will be retained can be
 11 reasonably expected to result from the installation of the new
 12 manufacturing equipment, new research and development
 13 equipment, new logistical distribution equipment, or new
 14 information technology equipment.
 15 (3) Whether the estimate of the annual salaries of those
 16 individuals who will be employed or whose employment will be
 17 retained can be reasonably expected to result from the proposed
 18 installation of new manufacturing equipment, new research and
 19 development equipment, new logistical distribution equipment, or
 20 new information technology equipment.
 21 (4) With respect to new manufacturing equipment used to dispose
 22 of solid waste or hazardous waste by converting the solid waste
 23 or hazardous waste into energy or other useful products, whether
 24 the estimate of the amount of solid waste or hazardous waste that
 25 will be converted into energy or other useful products can be
 26 reasonably expected to result from the installation of the new
 27 manufacturing equipment.
 28 (5) Whether any other benefits about which information was
 29 requested are benefits that can be reasonably expected to result
 30 from the proposed installation of new manufacturing equipment,
 31 new research and development equipment, new logistical
 32 distribution equipment, or new information technology
 33 equipment.
 34 (6) Whether the totality of benefits is sufficient to justify the
 35 deduction.
 36 The designating body may not designate an area an economic
 37 revitalization area or approve the deduction unless it makes the
 38 findings required by this subsection in the affirmative.
 39 (c) Except as provided in subsection (g), and subject to subsection
 40 (h) and section 15 of this chapter, an owner of new manufacturing
 41 equipment, new research and development equipment, new logistical
 42 distribution equipment, or new information technology equipment

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1 whose statement of benefits is approved after June 30, 2000, is entitled
2 to a deduction from the assessed value of that equipment for the
3 number of years determined by the designating body under subsection
4 (f). Except as provided in subsection (e) and in section 2(i)(3) of this
5 chapter, and subject to subsection (h) and section 15 of this chapter, the
6 amount of the deduction that an owner is entitled to for a particular
7 year equals the product of:

8 (1) the assessed value of the new manufacturing equipment, new
9 research and development equipment, new logistical distribution
10 equipment, or new information technology equipment in the year
11 of deduction under the appropriate table set forth in subsection
12 (d); multiplied by

13 (2) the percentage prescribed in the appropriate table set forth in
14 subsection (d).

15 (d) **Unless the designating body elects to use the method set forth**
16 **in section 17 of this chapter to calculate a deduction**, the percentage
17 to be used in calculating the deduction under subsection (c) is as
18 follows:

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

| 20 | YEAR OF DEDUCTION | PERCENTAGE |
|----|--------------------|------------|
| 21 | 1st | 100% |
| 22 | 2nd and thereafter | 0% |

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

| 24 | YEAR OF DEDUCTION | PERCENTAGE |
|----|--------------------|------------|
| 25 | 1st | 100% |
| 26 | 2nd | 50% |
| 27 | 3rd and thereafter | 0% |

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

| 29 | YEAR OF DEDUCTION | PERCENTAGE |
|----|--------------------|------------|
| 30 | 1st | 100% |
| 31 | 2nd | 66% |
| 32 | 3rd | 33% |
| 33 | 4th and thereafter | 0% |

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

| 35 | YEAR OF DEDUCTION | PERCENTAGE |
|----|--------------------|------------|
| 36 | 1st | 100% |
| 37 | 2nd | 75% |
| 38 | 3rd | 50% |
| 39 | 4th | 25% |
| 40 | 5th and thereafter | 0% |

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

| 42 | YEAR OF DEDUCTION | PERCENTAGE |
|----|-------------------|------------|
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|---|--------------------|------|
| 1 | 1st | 100% |
| 2 | 2nd | 80% |
| 3 | 3rd | 60% |
| 4 | 4th | 40% |
| 5 | 5th | 20% |
| 6 | 6th and thereafter | 0% |

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

| | | |
|----|--------------------|------------|
| 8 | YEAR OF DEDUCTION | PERCENTAGE |
| 9 | 1st | 100% |
| 10 | 2nd | 85% |
| 11 | 3rd | 66% |
| 12 | 4th | 50% |
| 13 | 5th | 34% |
| 14 | 6th | 25% |
| 15 | 7th and thereafter | 0% |

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

| | | |
|----|--------------------|------------|
| 17 | YEAR OF DEDUCTION | PERCENTAGE |
| 18 | 1st | 100% |
| 19 | 2nd | 85% |
| 20 | 3rd | 71% |
| 21 | 4th | 57% |
| 22 | 5th | 43% |
| 23 | 6th | 29% |
| 24 | 7th | 14% |
| 25 | 8th and thereafter | 0% |

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

| | | |
|----|--------------------|------------|
| 27 | YEAR OF DEDUCTION | PERCENTAGE |
| 28 | 1st | 100% |
| 29 | 2nd | 88% |
| 30 | 3rd | 75% |
| 31 | 4th | 63% |
| 32 | 5th | 50% |
| 33 | 6th | 38% |
| 34 | 7th | 25% |
| 35 | 8th | 13% |
| 36 | 9th and thereafter | 0% |

(9) For deductions allowed over a nine (9) year period:

| | | |
|----|-------------------|------------|
| 38 | YEAR OF DEDUCTION | PERCENTAGE |
| 39 | 1st | 100% |
| 40 | 2nd | 88% |
| 41 | 3rd | 77% |
| 42 | 4th | 66% |

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| 1 | 5th | 55% |
| 2 | 6th | 44% |
| 3 | 7th | 33% |
| 4 | 8th | 22% |
| 5 | 9th | 11% |
| 6 | 10th and thereafter | 0% |

(10) For deductions allowed over a ten (10) year period:

| 8 | YEAR OF DEDUCTION | PERCENTAGE |
|----|---------------------|------------|
| 9 | 1st | 100% |
| 10 | 2nd | 90% |
| 11 | 3rd | 80% |
| 12 | 4th | 70% |
| 13 | 5th | 60% |
| 14 | 6th | 50% |
| 15 | 7th | 40% |
| 16 | 8th | 30% |
| 17 | 9th | 20% |
| 18 | 10th | 10% |
| 19 | 11th and thereafter | 0% |

(e) With respect to new manufacturing equipment and new research and development equipment installed before March 2, 2001, the deduction under this section is the amount that causes the net assessed value of the property after the application of the deduction under this section to equal the net assessed value after the application of the deduction under this section that results from computing:

- (1) the deduction under this section as in effect on March 1, 2001; and
- (2) the assessed value of the property under 50 IAC 4.2, as in effect on March 1, 2001, or, in the case of property subject to IC 6-1.1-8, 50 IAC 5.1, as in effect on March 1, 2001.

(f) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from

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1 the county auditor. A certified copy of the resolution shall be sent
2 to the county auditor.

3 A determination about the number of years the deduction is allowed
4 that is made under subdivision (1) is final and may not be changed by
5 following the procedure under subdivision (2).

6 (g) The owner of new manufacturing equipment that is directly used
7 to dispose of hazardous waste is not entitled to the deduction provided
8 by this section for a particular assessment year if during that
9 assessment year the owner:

10 (1) is convicted of a criminal violation under IC 13, including
11 IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or

12 (2) is subject to an order or a consent decree with respect to
13 property located in Indiana based on a violation of a federal or
14 state rule, regulation, or statute governing the treatment, storage,
15 or disposal of hazardous wastes that had a major or moderate
16 potential for harm.

17 (h) For purposes of subsection (c), the assessed value of new
18 manufacturing equipment, new research and development equipment,
19 new logistical distribution equipment, or new information technology
20 equipment that is part of an owner's assessable depreciable personal
21 property in a single taxing district subject to the valuation limitation in
22 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

23 (1) the assessed value of the equipment determined without
24 regard to the valuation limitation in 50 IAC 4.2-4-9 or 50
25 IAC 5.1-6-9; multiplied by

26 (2) the quotient of:

27 (A) the amount of the valuation limitation determined under
28 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's
29 depreciable personal property in the taxing district; divided by

30 (B) the total true tax value of all of the owner's depreciable
31 personal property in the taxing district that is subject to the
32 valuation limitation in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9
33 determined:

34 (i) under the depreciation schedules in the rules of the
35 department of local government finance before any
36 adjustment for abnormal obsolescence; and

37 (ii) without regard to the valuation limitation in 50
38 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

39 SECTION 6. IC 6-1.1-12.1-11.3, AS AMENDED BY P.L.154-2006,
40 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2011]: Sec. 11.3. (a) This section applies only to the following
42 requirements:

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- 1 (1) Failure to provide the completed statement of benefits form to
 2 the designating body before the hearing required by section 2.5(c)
 3 of this chapter.
 4 (2) Failure to submit the completed statement of benefits form to
 5 the designating body before the:
 6 (A) initiation of the redevelopment or rehabilitation;
 7 (B) installation of new manufacturing equipment, new
 8 research and development equipment, new logistical
 9 distribution equipment, or new information technology
 10 equipment; or
 11 (C) occupation of an eligible vacant building;
 12 for which the person desires to claim a deduction under this
 13 chapter.
 14 (3) Failure to designate an area as an economic revitalization area
 15 before the initiation of the:
 16 (A) redevelopment;
 17 (B) installation of new manufacturing equipment, new
 18 research and development equipment, new logistical
 19 distribution equipment, or new information technology
 20 equipment;
 21 (C) rehabilitation; or
 22 (D) occupation of an eligible vacant building;
 23 for which the person desires to claim a deduction under this
 24 chapter.
 25 (4) Failure to make the required findings of fact before
 26 designating an area as an economic revitalization area or
 27 authorizing a deduction for new manufacturing equipment, new
 28 research and development equipment, new logistical distribution
 29 equipment, or new information technology equipment under
 30 section 2, 3, 4.5, or 4.8 of this chapter.
 31 (5) Failure to file a:
 32 (A) timely; or
 33 (B) complete;
 34 deduction application under section 5, 5.3, or 5.4 of this chapter.
 35 **(6) Failure to designate an area as a designated downtown**
 36 **area under section 16 of this chapter before enhancing a**
 37 **deduction under section 16 of this chapter.**
 38 (b) This section does not grant a designating body the authority to
 39 exempt a person from filing a statement of benefits or exempt a
 40 designating body from making findings of fact.
 41 (c) A designating body may by resolution waive noncompliance
 42 described under subsection (a) under the terms and conditions specified

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1 in the resolution. Before adopting a waiver under this subsection, the
2 designating body shall conduct a public hearing on the waiver.

3 SECTION 7. IC 6-1.1-12.1-16 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JULY 1, 2011]: **Sec. 16. (a) This section applies to**
6 **property that is the subject of a deduction application filed after**
7 **June 30, 2011, if:**

8 (1) **property that is the subject of a deduction application is an**
9 **eligible vacant building with at least fifty thousand (50,000)**
10 **square feet and, as a condition of obtaining the deduction, the**
11 **deduction applicant agrees to use the eligible vacant building**
12 **for industrial or commercial purposes;**

13 (2) **as a condition of obtaining a deduction under this chapter,**
14 **the deduction applicant agrees to invest at least ten million**
15 **dollars (\$10,000,000) in property that is eligible for a**
16 **deduction under this chapter;**

17 (3) **property that is the subject of a deduction application**
18 **consists of a proposed rehabilitation of property in a**
19 **designated downtown area; or**

20 (4) **the property that is the subject of a deduction application**
21 **is or will be located in a county in which:**

22 (A) **the average annualized unemployment rate in each of**
23 **the two (2) calendar years immediately preceding the**
24 **current calendar year exceeded the statewide average**
25 **annualized unemployment rate for each of the same**
26 **calendar years by at least two percent (2%); or**

27 (B) **the average annualized unemployment rate in the**
28 **immediately preceding calendar year was at least double**
29 **the statewide average annualized unemployment rate for**
30 **the same period;**

31 **as determined by the department of workforce development.**

32 (b) **A designating body may enhance under this section the**
33 **deduction schedule that would otherwise apply to tangible**
34 **property described in subsection (a) to provide a deduction equal**
35 **to one hundred percent (100%) of the gross assessed value of**
36 **property for up to three (3) consecutive years, beginning with the**
37 **first year that the property is eligible for a deduction under this**
38 **chapter. If the deduction application is for a deduction under**
39 **section 4.8 of this chapter, the designating body may extend under**
40 **this section the maximum term of the deduction from two (2) to**
41 **three (3) years.**

42 (c) **A designating body may enhance the deduction as provided**

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1 in subsection (b) in the resolution designating the number of years
 2 to which a deduction allowed under section 3, 4.5, or 4.8 of this
 3 chapter applies. The designating body may grant an enhancement
 4 under the terms and conditions specified in the resolution. Before
 5 adopting a resolution under this subsection, the designating body
 6 shall conduct a public hearing on the resolution. Notice of the
 7 public hearing shall be published in accordance with IC 5-3-1. In
 8 addition, the designating body shall notify each taxing unit within
 9 the taxing district where the property is or will be located of the
 10 proposed resolution, including the date and time of the public
 11 hearing. If a resolution is adopted under this section, the
 12 designating body shall deliver a copy of the adopted resolution to
 13 the:

- 14 (1) county auditor; and
- 15 (2) township assessor for the township where the property is
- 16 located or, if there is no township assessor, the county
- 17 assessor;

18 within thirty (30) days after its adoption.

19 (d) A public hearing or resolution under this section may be
 20 combined with any other public hearing or resolution required
 21 under this chapter.

22 (e) For purposes of applying this section to property described
 23 in subsection (a)(3), the fiscal body of a city or town may by
 24 ordinance designate any part of:

- 25 (1) the central business district of a city or town; or
- 26 (2) any commercial or mixed use area within a neighborhood
- 27 of a city or town that has traditionally served, since the
- 28 founding of the community, as the retail service and
- 29 communal focal point within the community;

30 as a designated downtown area. The ordinance must include a
 31 simplified description of the boundaries of the area by describing
 32 its location in relation to public ways, streams, or otherwise. The
 33 fiscal body may designate a maximum of fifteen percent (15%) of
 34 the total geographic territory of the city or town as a designated
 35 downtown area. A resolution adopted under subsection (c)
 36 concerning property described in subsection(a)(3) must include a
 37 certified copy of the ordinance adopted under this subsection.

38 SECTION 8. IC 6-1.1-12.1-17 IS ADDED TO THE INDIANA
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS
 40 [EFFECTIVE JULY 1, 2011]: Sec. 17. (a) A designating body may
 41 elect to use the method set forth in this section to calculate the
 42 amount of a deduction provided under section 4 or 4.5 of this

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chapter.

(b) This subsection applies to a business that is established in or relocated to a revitalization area and receives a deduction under section 4 or 4.5 of this chapter. Points are assigned to the various components of the taxpayer's investment as follows:

| | |
|---|---------------|
| Total value of the investment | |
| in real and personal property | Points |
| Less than \$100,000 | 5 |
| At least \$100,000 but less than \$250,000 | 10 |
| At least \$250,000 but less than \$500,000 | 15 |
| At least \$500,000 but less than \$750,000 | 20 |
| At least \$750,000 but less than \$1,000,000 | 23 |
| At least \$1,000,000 but less than \$2,000,000 | 26 |
| At least \$2,000,000 but less than \$4,000,000 | 28 |
| At least \$4,000,000 | 30 |
| Total number of new full-time | |
| equivalent jobs | Points |
| At least 3 but less than 6 | 5 |
| At least 6 but less than 11 | 10 |
| At least 11 but less than 16 | 15 |
| At least 16 but less than 26 | 20 |
| At least 26 but less than 51 | 23 |
| At least 51 but less than 75 | 26 |
| At least 75 but less than 100 | 28 |
| At least 100 | 30 |
| Ratio the average wage of the new employees | |
| bears to the state minimum wage | Points |
| At least 1.2 | 5 |
| At least 1.4 but less than 1.6 | 10 |
| At least 1.6 but less than 1.8 | 15 |
| At least 1.8 but less than 2 | 20 |
| At least 2 but less than 2.25 | 23 |
| At least 2.25 but less than 2.5 | 26 |
| At least 2.5 but less than 3 | 28 |
| At least 3 | 30 |
| Infrastructure requirements already in place | Points |
| Adequate road | 2 |
| Water | 2 |
| Wastewater | 2 |
| Electric service | 2 |
| Gas | 2 |

(c) This subsection applies to a taxpayer that receives a

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1 deduction under section 4 or 4.5 of this chapter for a business
 2 expansion in a revitalization area. Points are assigned to the
 3 various components of the taxpayer's investment as follows:

| | | |
|----|---|---------------|
| 4 | Total value of the investment | |
| 5 | in real and personal property | Points |
| 6 | Less than \$100,000 | 5 |
| 7 | At least \$100,000 but less than \$250,000 | 16 |
| 8 | At least \$250,000 but less than \$500,000 | 21 |
| 9 | At least \$500,000 but less than \$750,000 | 24 |
| 10 | At least \$750,000 but less than \$1,000,000 | 26 |
| 11 | At least \$1,000,000 but less than \$2,000,000 | 28 |
| 12 | At least \$2,000,000 but less than \$4,000,000 | 29 |
| 13 | At least \$4,000,000 | 30 |
| 14 | Total number of new full-time equivalent jobs | Points |
| 15 | At least 3 but less than 6 | 10 |
| 16 | At least 6 but less than 11 | 16 |
| 17 | At least 11 but less than 16 | 21 |
| 18 | At least 16 but less than 26 | 24 |
| 19 | At least 26 but less than 51 | 26 |
| 20 | At least 51 but less than 75 | 28 |
| 21 | At least 75 but less than 100 | 29 |
| 22 | At least 100 | 30 |
| 23 | Ratio the average wage of the new employees | |
| 24 | bears to the state minimum wage | Points |
| 25 | At least 1.2 | 10 |
| 26 | At least 1.4 but less than 1.6 | 16 |
| 27 | At least 1.6 but less than 1.8 | 21 |
| 28 | At least 1.8 but less than 2 | 24 |
| 29 | At least 2 but less than 2.25 | 26 |
| 30 | At least 2.25 but less than 2.5 | 28 |
| 31 | At least 2.5 but less than 3 | 29 |
| 32 | At least 3 | 30 |
| 33 | Infrastructure requirements already in place | Points |
| 34 | Adequate road | 1 |
| 35 | Water | 1 |
| 36 | Wastewater | 1 |
| 37 | Electric service | 1 |
| 38 | Gas | 1 |

39 (d) To determine the percentage used to calculate the deduction
 40 that a taxpayer may claim under section 4 or 4.5 of this chapter,
 41 the designating body shall count the points assigned to the various
 42 components of the taxpayer's investment relocating to or

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1 expanding within a revitalization area under subsection (b) or (c),
 2 as appropriate. The applicable percentage based on the total
 3 number of points is as follows:

| 4 Total points | Applicable percentage |
|----------------------------------|-----------------------|
| 5 Less than 10 | 100% for year 1 |
| 6 At least 10 but less than 20 | 100% for year 1 |
| 7 | 75% for year 2 |
| 8 At least 20 but less than 30 | 100% for year 1 |
| 9 | 75% for year 2 |
| 10 | 50% for year 3 |
| 11 At least 30 but less than 40 | 100% for year 1 |
| 12 | 75% for year 2 |
| 13 | 50% for year 3 |
| 14 | 25% for year 4 |
| 15 At least 40 but less than 50 | 100% for years 1-2 |
| 16 | 75% for year 3 |
| 17 | 50% for year 4 |
| 18 | 25% for year 5 |
| 19 At least 50 but less than 60 | 100% for years 1-3 |
| 20 | 75% for year 4 |
| 21 | 50% for year 5 |
| 22 | 25% for year 6 |
| 23 At least 60 but less than 70 | 100% for years 1-4 |
| 24 | 75% for year 5 |
| 25 | 50% for year 6 |
| 26 | 25% for year 7 |
| 27 At least 70 but less than 80 | 100% for years 1-5 |
| 28 | 75% for year 6 |
| 29 | 50% for year 7 |
| 30 | 25% for year 8 |
| 31 At least 80 but less than 90 | 100% for years 1-6 |
| 32 | 75% for year 7 |
| 33 | 50% for year 8 |
| 34 | 25% for year 9 |
| 35 At least 90 but less than 100 | 100% for years 1-7 |
| 36 | 75% for year 8 |
| 37 | 50% for year 9 |
| 38 | 25% for year 10 |
| 39 At least 100 | 100% for years 1-8 |
| 40 | 75% for year 9 |
| 41 | 50% for year 10 |
| 42 | 25% for year 11 |

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1 SECTION 9. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS
 2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
 3 1, 2011]:

4 **Chapter 9. Local Option Hiring Incentive**

5 **Sec. 1. This chapter applies to a city or county that receives a**
 6 **certified distribution of a tax imposed under IC 6-3.5-1.1,**
 7 **IC 6-3.5-6, or IC 6-3.5-7.**

8 **Sec. 2. As used in this chapter, "fiscal body" has the meaning set**
 9 **forth in IC 36-1-2-6.**

10 **Sec. 3. As used in this chapter, "IEDC" refers to the Indiana**
 11 **economic development corporation established by IC 5-28-3-1.**

12 **Sec. 4. As used in this chapter, "new employee" has the meaning**
 13 **set forth in IC 6-3.1-13-6, except that as applied to a project that is**
 14 **the subject of a hiring incentive agreement under this chapter, the**
 15 **phrase "tax credit agreement" in the definition of "new employee"**
 16 **under IC 6-3.1-13-6 is construed as a hiring incentive agreement**
 17 **under this chapter.**

18 **Sec. 5. As used in this chapter, "person" means an individual, a**
 19 **sole proprietorship, a partnership, an association, a fiduciary, a**
 20 **corporation, a limited liability company, or any other business**
 21 **entity.**

22 **Sec. 6. As used in this chapter, "qualified employee" means a**
 23 **new employee who resides in the county in which a taxpayer's job**
 24 **creation project is located.**

25 **Sec. 7. As used in this chapter, "qualified unit" means a city or**
 26 **county described in section 1 of this chapter.**

27 **Sec. 8. As used in this chapter, "taxpayer" means a person that**
 28 **enters an agreement with a qualified unit to receive a hiring**
 29 **incentive.**

30 **Sec. 9. (a) A qualified unit may offer hiring incentives under this**
 31 **chapter to foster job creation in the qualified unit.**

32 **(b) The hiring incentive shall be claimed for the calendar years**
 33 **specified in the taxpayer's hiring incentive agreement.**

34 **Sec. 10. A person that proposes a project to create new jobs in**
 35 **a qualified unit may apply, as provided in section 11 of this**
 36 **chapter, to the qualified unit to enter into an agreement for a**
 37 **hiring incentive under this chapter.**

38 **Sec. 11. This section applies to an application proposing a**
 39 **project to create new jobs in a qualified unit. After receipt of an**
 40 **application, the qualified unit may enter into an agreement with**
 41 **the applicant for a hiring incentive under this chapter if the fiscal**
 42 **body of the qualified unit approves the agreement after finding**

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1 that all of the following conditions exist:

2 (1) The applicant's project will create new jobs that were not
3 jobs previously performed by employees of the applicant in
4 the qualified unit.

5 (2) The applicant's project is economically sound and will
6 benefit the people of the qualified unit by increasing
7 opportunities for employment in the qualified unit and
8 strengthening the economy of Indiana.

9 (3) Receiving the hiring incentive is a major factor in the
10 applicant's decision to go forward with the project and not
11 receiving the hiring incentive will result in the applicant not
12 creating new jobs in the qualified unit.

13 (4) The hiring incentive is not prohibited by section 12 of this
14 chapter.

15 Sec. 12. A person is not entitled to claim a hiring incentive
16 provided by this chapter for any jobs that the person relocates
17 from one (1) site in Indiana to another site in Indiana.
18 Determinations under this section shall be made by the qualified
19 unit providing the hiring incentive.

20 Sec. 13. (a) Subject to subsection (c), the qualified unit shall
21 determine the amount and duration of a hiring incentive awarded
22 under this chapter. The duration of the hiring incentive may not
23 exceed ten (10) calendar years.

24 (b) The hiring incentive may be stated as a percentage of the
25 aggregate annual local option income taxes withheld and remitted
26 on behalf of the qualified employees employed by the taxpayer and
27 may include a fixed dollar limitation.

28 (c) The amount of a hiring incentive paid to a taxpayer in a
29 particular calendar year may not exceed the aggregate amount of
30 local option income taxes withheld and remitted during that
31 calendar year on behalf of the taxpayer's qualified employees.

32 (d) A hiring incentive may be paid to a taxpayer in installments
33 as set forth in the hiring incentive agreement.

34 Sec. 14. A qualified unit shall enter into an agreement with an
35 applicant that is awarded a credit under this chapter. The
36 agreement must include all of the following:

37 (1) A detailed description of the project that is the subject of
38 the agreement.

39 (2) The duration of the hiring incentive and the first calendar
40 year for which the hiring incentive may be claimed.

41 (3) The hiring incentive amount that will be allowed for each
42 calendar year.

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1 (4) A requirement that the taxpayer shall maintain operations
2 at the project location for at least two (2) years following the
3 last calendar year in which the applicant claims the hiring
4 incentive.

5 (5) A statement that a taxpayer is subject to an assessment
6 under section 16 of this chapter for noncompliance with the
7 agreement.

8 (6) A specific method for determining the number of new
9 employees employed during a calendar year who are
10 performing jobs not previously performed by an employee.

11 (7) A requirement that the taxpayer shall annually report to
12 the qualified unit, subject to the protections under
13 IC 5-14-3-4(a)(5) and IC 5-14-3-4(a)(6):

14 (A) the number of new employees who are performing jobs
15 not previously performed by an employee;

16 (B) the new income tax revenue withheld in connection
17 with the new employees; and

18 (C) any other information the qualified unit needs to
19 perform the qualified unit's duties under this chapter.

20 (8) A requirement that the qualified unit is authorized to
21 verify with the appropriate state agencies, including the
22 IEDC, the amounts reported under subdivision (7), and after
23 doing so shall issue a certificate to the taxpayer stating that
24 the amounts have been verified.

25 (9) Any other performance conditions that the qualified unit
26 determines are appropriate.

27 **Sec. 15. A qualified unit shall pay hiring incentives provided
28 under this chapter from revenues received by the qualified unit
29 under:**

30 (1) IC 6-3.5-1.1-15;

31 (2) IC 6-3.5-6-19;

32 (3) IC 6-3.5-7-13.1; or

33 (4) any combination of the sources listed in subdivisions (1)
34 through (3).

35 **Sec. 16. If the qualified unit determines that a taxpayer who has
36 claimed a hiring incentive under this chapter is not entitled to the
37 hiring incentive because of the taxpayer's noncompliance with the
38 requirements of the hiring incentive agreement or all of the
39 provisions of this chapter, the qualified unit shall, after giving the
40 taxpayer an opportunity to explain the noncompliance, pursue
41 existing remedies under law for an amount that may not exceed the
42 sum of any previously allowed hiring incentives under this chapter,**

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1 together with interest and penalties required or permitted by law.
2 **Sec. 17. (a) The qualified unit shall submit an annual report to**
3 **the IEDC before July 1. The report must be in an electronic format**
4 **prescribed by the IEDC and must contain the following**
5 **information concerning a program established under this chapter:**
6 **(1) The number of taxpayers receiving hiring incentives in**
7 **that particular year.**
8 **(2) The location of each business receiving hiring incentives as**
9 **of the date of the report.**
10 **(3) A summary of the local incentives provided under this**
11 **chapter to each taxpayer receiving hiring incentives as of the**
12 **date of the report.**
13 **(4) The number of jobs created and the average salary paid by**
14 **taxpayers receiving hiring incentives as of the date of the**
15 **report.**
16 **(b) The IEDC shall compile an annual report based on the**
17 **information received under subsection (a). The IEDC shall submit**
18 **the annual report to the legislative council before November 1. The**
19 **report must be in an electronic format under IC 5-14-6 and must**
20 **contain the information specified in subsection (a)(1) through**
21 **(a)(4), aggregated or otherwise protected as necessary to maintain**
22 **the confidentiality of any confidential information submitted upon**
23 **request by each taxpayer under this chapter.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Small Business and Economic Development, to which was referred House Bill 1007, 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:

Page 3, delete lines 24 through 42, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-10-45 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 45. (a) The following definitions apply throughout this section:**

- (1) "Exemption" refers to an exemption authorized in an ordinance adopted under this section.
- (2) "Fiscal body" refers to the fiscal body of a county as specified in IC 36-1-2-6.
- (3) "New personal property" means tangible personal property that a person:

(A) acquires after June 30, 2011:

- (i) in an arms length transaction from an entity that is not an affiliate of the person, if the tangible personal property has been previously used in Indiana before the person acquires the tangible personal property; or
- (ii) in any manner, if the tangible personal property has never been previously used in Indiana before the person acquires the tangible personal property; and

(B) has never used for any purpose in Indiana before the person acquires the tangible personal property.

- (4) "Ordinance" refers to an ordinance adopted under this section.

(b) After conducting a public hearing on the proposed ordinance, a fiscal body may adopt an ordinance to exempt new personal property located in the county from property taxation. The ordinance must specify the duration of the exemption. A fiscal body may amend an ordinance in the manner provided for adopting an ordinance.

(c) An ordinance adopted under subsection (b) may provide for the uniform exemption of all new personal property located in the county from property taxation. Instead of exempting all new personal property located in the county, the ordinance may limit the exemption to:

- (1) one (1) or more classes of property described in the

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ordinance;

(2) improvements made or property initially installed or placed in service in the county after a date specified in the ordinance; or

(3) both subdivisions (1) and (2).

A fiscal body may use any reasonable system of classification to identify the property that is eligible for exemption under this section.

(d) After a public hearing on the proposed ordinance, a fiscal body may rescind an ordinance adopted under subsection (b).

(e) Before adopting an ordinance under this section, a fiscal body shall conduct a public hearing on the proposed ordinance.

The fiscal body shall:

(1) publish notice of the public hearing in accordance with IC 5-3-1; and

(2) not later than ten (10) days before the public hearing, file the notice with each taxing unit in the county.

(f) An ordinance adopted under this section does not apply to an assessment date occurring in the same year in which the ordinance is adopted.

(g) The fiscal body shall provide a certified copy of an adopted ordinance to the department of local government finance and the county auditor.

(h) A taxpayer is not required to file an application to qualify for an exemption permitted under this section.

(i) The department of local government finance shall incorporate an exemption established under this section in the personal property return form to be used each year for filing under this article to permit the taxpayer to enter the exemption on the form. If a taxpayer fails to enter the exemption on the form, the township assessor, the county assessor if there is no township assessor for the township, or the department of local government finance, if the department of local government finance assesses the personal property, shall:

(1) determine the amount of the exemption; and

(2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the exemption to the personal property.

(j) An exemption established under this section must be applied to any personal property assessment made by:

(1) an assessing official;

(2) a county property tax board of appeals; or

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(3) the department of local government finance."

Delete page 4.

Page 5, delete lines 1 through 2.

Page 20, delete lines 29 through 42, begin a new paragraph and insert:

"SECTION 9. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

Chapter 9. Local Option Hiring Incentive

Sec. 1. This chapter applies to a city or county that receives a certified distribution of a tax imposed under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7.

Sec. 2. As used in this chapter, "fiscal body" has the meaning set forth in IC 36-1-2-6.

Sec. 3. As used in this chapter, "IEDC" refers to the Indiana economic development corporation established by IC 5-28-3-1.

Sec. 4. As used in this chapter, "new employee" has the meaning set forth in IC 6-3.1-13-6, except that as applied to a project that is the subject of a hiring incentive agreement under this chapter, the phrase "tax credit agreement" in the definition of "new employee" under IC 6-3.1-13-6 is construed as a hiring incentive agreement under this chapter.

Sec. 5. As used in this chapter, "person" means an individual, a sole proprietorship, a partnership, an association, a fiduciary, a corporation, a limited liability company, or any other business entity.

Sec. 6. As used in this chapter, "qualified employee" means a new employee who resides in the county in which a taxpayer's job creation project is located.

Sec. 7. As used in this chapter, "qualified unit" means a city or county described in section 1 of this chapter.

Sec. 8. As used in this chapter, "taxpayer" means a person that enters an agreement with a qualified unit to receive a hiring incentive.

Sec. 9. (a) A qualified unit may offer hiring incentives under this chapter to foster job creation in the qualified unit.

(b) The hiring incentive shall be claimed for the calendar years specified in the taxpayer's hiring incentive agreement.

Sec. 10. A person that proposes a project to create new jobs in a qualified unit may apply, as provided in section 11 of this chapter, to the qualified unit to enter into an agreement for a hiring incentive under this chapter.

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Sec. 11. This section applies to an application proposing a project to create new jobs in a qualified unit. After receipt of an application, the qualified unit may enter into an agreement with the applicant for a hiring incentive under this chapter if the fiscal body of the qualified unit approves the agreement after finding that all of the following conditions exist:

- (1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in the qualified unit.**
- (2) The applicant's project is economically sound and will benefit the people of the qualified unit by increasing opportunities for employment in the qualified unit and strengthening the economy of Indiana.**
- (3) Receiving the hiring incentive is a major factor in the applicant's decision to go forward with the project and not receiving the hiring incentive will result in the applicant not creating new jobs in the qualified unit.**
- (4) The hiring incentive is not prohibited by section 12 of this chapter.**

Sec. 12. A person is not entitled to claim a hiring incentive provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the qualified unit providing the hiring incentive.

Sec. 13. (a) Subject to subsection (c), the qualified unit shall determine the amount and duration of a hiring incentive awarded under this chapter. The duration of the hiring incentive may not exceed ten (10) calendar years.

(b) The hiring incentive may be stated as a percentage of the aggregate annual local option income taxes withheld and remitted on behalf of the qualified employees employed by the taxpayer and may include a fixed dollar limitation.

(c) The amount of a hiring incentive paid to a taxpayer in a particular calendar year may not exceed the aggregate amount of local option income taxes withheld and remitted during that calendar year on behalf of the taxpayer's qualified employees.

(d) A hiring incentive may be paid to a taxpayer in installments as set forth in the hiring incentive agreement.

Sec. 14. A qualified unit shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

- (1) A detailed description of the project that is the subject of**

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the agreement.

(2) The duration of the hiring incentive and the first calendar year for which the hiring incentive may be claimed.

(3) The hiring incentive amount that will be allowed for each calendar year.

(4) A requirement that the taxpayer shall maintain operations at the project location for at least two (2) years following the last calendar year in which the applicant claims the hiring incentive.

(5) A statement that a taxpayer is subject to an assessment under section 16 of this chapter for noncompliance with the agreement.

(6) A specific method for determining the number of new employees employed during a calendar year who are performing jobs not previously performed by an employee.

(7) A requirement that the taxpayer shall annually report to the qualified unit, subject to the protections under IC 5-14-3-4(a)(5) and IC 5-14-3-4(a)(6):

(A) the number of new employees who are performing jobs not previously performed by an employee;

(B) the new income tax revenue withheld in connection with the new employees; and

(C) any other information the qualified unit needs to perform the qualified unit's duties under this chapter.

(8) A requirement that the qualified unit is authorized to verify with the appropriate state agencies, including the IEDC, the amounts reported under subdivision (7), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(9) Any other performance conditions that the qualified unit determines are appropriate.

Sec. 15. A qualified unit shall pay hiring incentives provided under this chapter from revenues received by the qualified unit under:

(1) IC 6-3.5-1.1-15;

(2) IC 6-3.5-6-19;

(3) IC 6-3.5-7-13.1; or

(4) any combination of the sources listed in subdivisions (1) through (3).

Sec. 16. If the qualified unit determines that a taxpayer who has claimed a hiring incentive under this chapter is not entitled to the hiring incentive because of the taxpayer's noncompliance with the

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requirements of the hiring incentive agreement or all of the provisions of this chapter, the qualified unit shall, after giving the taxpayer an opportunity to explain the noncompliance, pursue existing remedies under law for an amount that may not exceed the sum of any previously allowed hiring incentives under this chapter, together with interest and penalties required or permitted by law.

Sec. 17. (a) The qualified unit shall submit an annual report to the IEDC before July 1. The report must be in an electronic format prescribed by the IEDC and must contain the following information concerning a program established under this chapter:

- (1) The number of taxpayers receiving hiring incentives in that particular year.
- (2) The location of each business receiving hiring incentives as of the date of the report.
- (3) A summary of the local incentives provided under this chapter to each taxpayer receiving hiring incentives as of the date of the report.
- (4) The number of jobs created and the average salary paid by taxpayers receiving hiring incentives as of the date of the report.

(b) The IEDC shall compile an annual report based on the information received under subsection (a). The IEDC shall submit the annual report to the legislative council before November 1. The report must be in an electronic format under IC 5-14-6 and must contain the information specified in subsection (a)(1) through (a)(4), aggregated or otherwise protected as necessary to maintain the confidentiality of any confidential information submitted upon request by each taxpayer under this chapter."

Delete pages 21 through 24.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1007 as introduced.)

MESSMER, Chair

Committee Vote: yeas 11, nays 0.

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