

Adopted Rejected

# COMMITTEE REPORT

YES: 11  
NO: 0

## 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:

- 1 Page 3, delete lines 24 through 42, begin a new paragraph and
- 2 insert:
- 3 "SECTION 2. IC 6-1.1-10-45 IS ADDED TO THE INDIANA
- 4 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 5 [EFFECTIVE JULY 1, 2011]: **Sec. 45. (a) The following definitions**
- 6 **apply throughout this section:**
- 7 (1) "Exemption" refers to an exemption authorized in an
- 8 ordinance adopted under this section.
- 9 (2) "Fiscal body" refers to the fiscal body of a county as
- 10 specified in IC 36-1-2-6.
- 11 (3) "New personal property" means tangible personal
- 12 property that a person:
- 13 (A) acquires after June 30, 2011:
- 14 (i) in an arms length transaction from an entity that is

1           not an affiliate of the person, if the tangible personal  
 2           property has been previously used in Indiana before the  
 3           person acquires the tangible personal property; or  
 4           (ii) in any manner, if the tangible personal property has  
 5           never been previously used in Indiana before the person  
 6           acquires the tangible personal property; and  
 7           (B) has never used for any purpose in Indiana before the  
 8           person acquires the tangible personal property.

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

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

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

- 22               (1) one (1) or more classes of property described in the  
 23               ordinance;  
 24               (2) improvements made or property initially installed or  
 25               placed in service in the county after a date specified in the  
 26               ordinance; or  
 27               (3) both subdivisions (1) and (2).

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

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

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

- 36               (1) publish notice of the public hearing in accordance with  
 37               IC 5-3-1; and  
 38               (2) not later than ten (10) days before the public hearing, file

1           the notice with each taxing unit in the county.

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

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

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

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

- 19           **(1) determine the amount of the exemption; and**
- 20           **(2) within the period established in IC 6-1.1-16-1, issue a**
- 21 **notice of assessment to the taxpayer that reflects the**
- 22 **application of the exemption to the personal property.**

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

- 25           **(1) an assessing official;**
- 26           **(2) a county property tax board of appeals; or**
- 27           **(3) the department of local government finance."**

28           Delete page 4.

29           Page 5, delete lines 1 through 2.

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

32           "SECTION 9. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS  
33 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
34 1, 2011]:

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

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

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

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

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

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

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

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

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

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

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

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

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

37           **(1)** The applicant's project will create new jobs that were not  
38 jobs previously performed by employees of the applicant in

1           **the qualified unit.**

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

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

10          **(4) The hiring incentive is not prohibited by section 12 of this**  
11          **chapter.**

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

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

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

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

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

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

34               **(1) A detailed description of the project that is the subject of**  
35               **the agreement.**

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

38               **(3) The hiring incentive amount that will be allowed for each**

- 1           **calendar year.**
- 2           **(4) A requirement that the taxpayer shall maintain operations**
- 3           **at the project location for at least two (2) years following the**
- 4           **last calendar year in which the applicant claims the hiring**
- 5           **incentive.**
- 6           **(5) A statement that a taxpayer is subject to an assessment**
- 7           **under section 16 of this chapter for noncompliance with the**
- 8           **agreement.**
- 9           **(6) A specific method for determining the number of new**
- 10           **employees employed during a calendar year who are**
- 11           **performing jobs not previously performed by an employee.**
- 12           **(7) A requirement that the taxpayer shall annually report to**
- 13           **the qualified unit, subject to the protections under**
- 14           **IC 5-14-3-4(a)(5) and IC 5-14-3-4(a)(6):**
- 15                 **(A) the number of new employees who are performing jobs**
- 16                 **not previously performed by an employee;**
- 17                 **(B) the new income tax revenue withheld in connection**
- 18                 **with the new employees; and**
- 19                 **(C) any other information the qualified unit needs to**
- 20                 **perform the qualified unit's duties under this chapter.**
- 21           **(8) A requirement that the qualified unit is authorized to**
- 22           **verify with the appropriate state agencies, including the**
- 23           **IEDC, the amounts reported under subdivision (7), and after**
- 24           **doing so shall issue a certificate to the taxpayer stating that**
- 25           **the amounts have been verified.**
- 26           **(9) Any other performance conditions that the qualified unit**
- 27           **determines are appropriate.**

28           **Sec. 15. A qualified unit shall pay hiring incentives provided**

29           **under this chapter from revenues received by the qualified unit**

30           **under:**

- 31                 **(1) IC 6-3.5-1.1-15;**
- 32                 **(2) IC 6-3.5-6-19;**
- 33                 **(3) IC 6-3.5-7-13.1; or**
- 34                 **(4) any combination of the sources listed in subdivisions (1)**
- 35                 **through (3).**

36           **Sec. 16. If the qualified unit determines that a taxpayer who has**

37           **claimed a hiring incentive under this chapter is not entitled to the**

38           **hiring incentive because of the taxpayer's noncompliance with the**

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

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

11 (1) **The number of taxpayers receiving hiring incentives in**  
12 **that particular year.**

13 (2) **The location of each business receiving hiring incentives as**  
14 **of the date of the report.**

15 (3) **A summary of the local incentives provided under this**  
16 **chapter to each taxpayer receiving hiring incentives as of the**  
17 **date of the report.**

18 (4) **The number of jobs created and the average salary paid by**  
19 **taxpayers receiving hiring incentives as of the date of the**  
20 **report.**

21 (b) **The IEDC shall compile an annual report based on the**  
22 **information received under subsection (a). The IEDC shall submit**  
23 **the annual report to the legislative council before November 1. The**  
24 **report must be in an electronic format under IC 5-14-6 and must**  
25 **contain the information specified in subsection (a)(1) through**  
26 **(a)(4), aggregated or otherwise protected as necessary to maintain**  
27 **the confidentiality of any confidential information submitted upon**

- 1 **request by each taxpayer under this chapter."**
- 2 Delete pages 21 through 24.
- 3 Renumber all SECTIONS consecutively.  
(Reference is to HB 1007 as introduced.)

**and when so amended that said bill do pass.**

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Representative Messmer