SENATE BILL No. 585

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-32.

Synopsis: Certified technology parks. Permits a certified technology park to capture incremental state income and sales taxes and local income taxes for a business that incubated in the park and then relocates outside the park but within the same county. Phases out the amount of the captured increment over five years. Permits a certified technology park to apply to the Indiana economic development corporation to redraw the boundaries of its district at the time of a recertification. Requires the Indiana economic development corporation to redraw the district if the corporation finds that certain conditions are present.

Effective: July 1, 2011.

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January 20, 2011, read first time and referred to Committee on Commerce & Economic Development.

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Introduced

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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SENATE BILL No. 585

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

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

SECTION 1. IC 36-7-32-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6. As used in this chapter, "gross retail base period amount" means the aggregate amount of state gross retail and use taxes remitted under IC 6-2.5 **during the full state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter:**

(1) by the businesses operating in the territory comprising a certified technology park during the full state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter; **or**

(2) in the case of a certified technology park modified under section 10(c) of this chapter, by the businesses operating in the territory comprising a certified technology park during:

(A) the full state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter; and

(B) the full state fiscal year that precedes the date on which

the certified technology park was modified under section 10(c) of this chapter.

SECTION 2. IC 36-7-32-6.5, AS ADDED BY P.L.199-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 6.5. As used in this chapter, "gross retail incremental amount" means the remainder of:

(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the territory comprising a certified technology park during a state fiscal year; minus

(2) the gross retail base period amount;

as determined by the department of state revenue. **However, the gross retail incremental amount may be temporarily increased as provided in section 10.5 of this chapter.**

SECTION 3. IC 36-7-32-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. **(a)** As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid **for work in the certified technology park for the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter** by employees employed in the territory comprising a certified technology park with respect to wages and salary earned for work in the certified technology park for the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter:

(1) The adjusted gross income tax.

(2) The county adjusted gross income tax.

(3) The county option income tax.

(4) The county economic development income tax.

(b) However, in the case of a certified technology park that was modified under section 10(c) of this chapter, the term means taxes paid for work by employees who are employed in the territory comprising a certified technology park for:

(1) the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter; and

(2) the state fiscal year that precedes the date on which the certified technology park was modified under section 10(c) of this chapter.

SECTION 4. IC 36-7-32-8.5, AS ADDED BY P.L.199-2005, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8.5. As used in this chapter, "income tax

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incremental amount" means the remainder of:

(1) the total amount of state adjusted gross income taxes, county adjusted gross income tax, county option income taxes, and county economic development income taxes paid by employees employed in the territory comprising the certified technology park with respect to wages and salary earned for work in the territory comprising the certified technology park for a particular state fiscal year; minus

(2) the sum of the:

(A) income tax base period amount; and

(B) tax credits awarded by the economic development for a growing economy board under IC 6-3.1-13 to businesses operating in a certified technology park as the result of wages earned for work in the certified technology park for the state fiscal year;

as determined by the department of state revenue. **However, the income tax incremental amount may be temporarily increased as provided in section 10.5 of this chapter.**

SECTION 5. IC 36-7-32-10, AS AMENDED BY P.L.203-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 10. (a) A unit may apply to the Indiana economic development corporation for designation of all or part of the territory within the jurisdiction of the unit's redevelopment commission as a certified technology park and to enter into an agreement governing the terms and conditions of the designation. The application must be in a form specified by the Indiana economic development corporation and must include information the corporation determines necessary to make the determinations required under section 11 of this chapter.

(b) This subsection applies only to a unit in which a certified technology park designated before January 1, 2005, is located. A unit may apply to the Indiana economic development corporation for permission to expand the unit's certified technology park to include territory that is adjacent to the unit's certified technology park but located in another county. The corporation shall grant the unit permission to expand the certified technology park if the unit and the redevelopment commission having jurisdiction over the adjacent territory approve the proposed expansion in a resolution. A certified copy of each resolution approving the proposed expansion must be attached to the application submitted under this subsection.

(c) At the same time as the review and recertification process under section 11 of this chapter, a unit may apply to the Indiana economic development corporation for permission to modify the

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territory of a certified technology park located within the unit. The Indiana economic development corporation shall grant the unit permission to modify the territory of the certified technology park if the corporation finds all the following conditions are satisfied:

(1) The unit approves the proposed modification in a resolution and a certified copy of the resolution is attached to the application.

(2) The application is in a form specified by the Indiana economic development corporation and includes information the corporation determines necessary to make the determinations required by this subsection and section 11 of this chapter.

(3) The territory contained a business that:

(A) was located in the certified technology park on the date that the certified technology park was designated under section 11 of this chapter;

(B) successfully grew its business within the certified technology park; and

(C) subsequently relocated within the county in which the certified technology park is located but outside the territory of the certified technology park, and this relocation contributed to:

(i) the gross retail base period amount being greater than the gross retail incremental amount; and

(ii) the gross income tax base period amount being greater than the income tax incremental amount;

for the certified technology park.

(4) The modification of the territory will enhance the development of the certified technology park.

SECTION 6. IC 36-7-32-10.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 10.5. (a) The gross retail incremental amount and the income tax incremental amount shall be temporarily increased if the Indiana economic development corporation finds that a business:**

(1) was located in the certified technology park on the date that the certified technology park was designated under section 11 of this chapter;

(2) successfully grew its business within the certified technology park; and

(3) subsequently relocated within the county in which the certified technology park is located but outside the territory

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of the certified technology park, and this relocation contributed to:

(A) the gross retail base period amount being greater than the gross retail incremental amount; and

(B) the gross income tax base period amount being greater than the income tax incremental amount;

for the certified technology park.

(b) The amount of the temporary increase in the gross retail incremental amount and the income tax incremental amount is equal to that part of the gross retail incremental amount and the income tax incremental amount attributable to the business in the last state fiscal year before its relocation multiplied by the following:

(1) Eighty percent (80%) for the first year following the relocation.

(2) Sixty percent (60%) for the second year following the relocation.

(3) Forty percent (40%) for the third year following the relocation.

(4) Twenty percent (20%) for the fourth year following the relocation.

After the fourth year following the relocation, the gross retail incremental amount and the income tax incremental amount is the amount determined without regard to this section.

(c) The Indiana economic development corporation shall provide the unit and department of state revenue a written confirmation of its findings. Not later than sixty (60) days after receiving a copy of the confirmation, the department of state revenue shall determine the gross retail incremental amount and the income tax incremental amount to be used after applying the temporary increase.

SECTION 7. IC 36-7-32-12, AS AMENDED BY P.L.154-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. A redevelopment commission and the legislative body of the unit that established the redevelopment commission may enter into an agreement with the Indiana economic development corporation establishing the terms and conditions governing a certified technology park designated under section 11 of this chapter **or modified under section 10(c) of this chapter.** Upon designation **or modification** of the certified technology park under the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement may result in the termination or

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rescission of the designation of the area as a certified technology park. The agreement must include the following provisions:

(1) A description of the area to be included within the certified technology park.

(2) Covenants and restrictions, if any, upon all or a part of the properties contained within the certified technology park and terms of enforcement of any covenants or restrictions.

(3) The financial commitments of any party to the agreement and of any owner or developer of property within the certified technology park.

(4) The terms of any commitment required from a postsecondary educational institution or private research based institute for support of the operations and activities within the certified technology park.

(5) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.

(6) The public facilities to be developed for the certified technology park and the costs of those public facilities, as approved by the Indiana economic development corporation.

SECTION 8. IC 36-7-32-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 20. (a) After entering into an agreement under section 12 of this chapter, the redevelopment commission shall send to the department of state revenue:

(1) a certified copy of the designation of the certified technology park under section 11 of this chapter **or modification under section 10(c) of this chapter;**

(2) a certified copy of the agreement entered into under section 12 of this chapter; and

(3) a complete list of the employers in the certified technology park and the street names and the range of street numbers of each street in the certified technology park.

The redevelopment commission shall update the list provided under subdivision (3) before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the designation **or modification** of the certified technology park, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

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