
HOUSE BILL No. 1007

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5-9.

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 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

January 12, 2011, read first time and referred to Committee on Commerce, Small Business and Economic Development.

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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



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" has the meaning set forth in IC 36-1-2-6.
- 31 (3) "Ordinance" refers to an ordinance adopted under this
 32 section.

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

39 (c) **An ordinance adopted under subsection (b) may provide for**
 40 **the uniform exemption of all personal property located in the**
 41 **county from property taxation. Instead of exempting all personal**
 42 **property located in the county, the ordinance may limit the**

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exemption to:

- (1) one (1) or more classes of property described in the ordinance; or**
- (2) improvements made or property initially installed or placed in service in the county after a date specified in the ordinance;**

or both. 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 that 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 in 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;**

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- 1 **(2) a county property tax board of appeals; or**
- 2 **(3) the department of local government finance.**

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

- 14 (1) one hundred twenty-four thousand eight hundred dollars
 15 (\$124,800) for a single family dwelling unit; or
- 16 (2) three hundred thousand dollars (\$300,000) for any other type
 17 of property.

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

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

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

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

33 SECTION 4. IC 6-1.1-12.1-4, AS AMENDED BY P.L.219-2007,
 34 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2011]: Sec. 4. (a) Except as provided in section 2(i)(4) of this
 36 chapter, and subject to section 15 of this chapter, the amount of the
 37 deduction which the property owner is entitled to receive under section
 38 3 of this chapter for a particular year equals the product of:

- 39 (1) the increase in the assessed value resulting from the
 40 rehabilitation or redevelopment; multiplied by
- 41 (2) **either of the following:**
- 42 (A) The percentage prescribed in the table set forth in

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subsection (d).

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

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

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

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

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

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

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

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

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

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

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%

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

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%

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

YEAR OF DEDUCTION	PERCENTAGE
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1	1st	100%
2	2nd	75%
3	3rd	50%
4	4th	25%
5	(5) For deductions allowed over a five (5) year period:	
6	YEAR OF DEDUCTION	PERCENTAGE
7	1st	100%
8	2nd	80%
9	3rd	60%
10	4th	40%
11	5th	20%
12	(6) For deductions allowed over a six (6) year period:	
13	YEAR OF DEDUCTION	PERCENTAGE
14	1st	100%
15	2nd	85%
16	3rd	66%
17	4th	50%
18	5th	34%
19	6th	17%
20	(7) For deductions allowed over a seven (7) year period:	
21	YEAR OF DEDUCTION	PERCENTAGE
22	1st	100%
23	2nd	85%
24	3rd	71%
25	4th	57%
26	5th	43%
27	6th	29%
28	7th	14%
29	(8) For deductions allowed over an eight (8) year period:	
30	YEAR OF DEDUCTION	PERCENTAGE
31	1st	100%
32	2nd	88%
33	3rd	75%
34	4th	63%
35	5th	50%
36	6th	38%
37	7th	25%
38	8th	13%
39	(9) For deductions allowed over a nine (9) year period:	
40	YEAR OF DEDUCTION	PERCENTAGE
41	1st	100%
42	2nd	88%

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1	3rd	77%
2	4th	66%
3	5th	55%
4	6th	44%
5	7th	33%
6	8th	22%
7	9th	11%

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

9	YEAR OF DEDUCTION	PERCENTAGE
10	1st	100%
11	2nd	95%
12	3rd	80%
13	4th	65%
14	5th	50%
15	6th	40%
16	7th	30%
17	8th	20%
18	9th	10%
19	10th	5%

SECTION 5. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.146-2008, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4.5. (a) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment, new research and development equipment, new logistical distribution equipment, or new information technology equipment for which the person desires to claim a deduction under this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

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

(2) With respect to:

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

(B) new research and development equipment, new logistical distribution equipment, or new information technology

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1 equipment;
 2 an estimate of the number of individuals who will be employed or
 3 whose employment will be retained by the person as a result of
 4 the installation of the new manufacturing equipment, new
 5 research and development equipment, new logistical distribution
 6 equipment, or new information technology equipment and an
 7 estimate of the annual salaries of these individuals.

8 (3) An estimate of the cost of the new manufacturing equipment,
 9 new research and development equipment, new logistical
 10 distribution equipment, or new information technology
 11 equipment.

12 (4) With respect to new manufacturing equipment used to dispose
 13 of solid waste or hazardous waste by converting the solid waste
 14 or hazardous waste into energy or other useful products, an
 15 estimate of the amount of solid waste or hazardous waste that will
 16 be converted into energy or other useful products by the new
 17 manufacturing equipment.

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

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

26 (1) Whether the estimate of the cost of the new manufacturing
 27 equipment, new research and development equipment, new
 28 logistical distribution equipment, or new information technology
 29 equipment is reasonable for equipment of that type.

30 (2) With respect to:
 31 (A) new manufacturing equipment not used to dispose of solid
 32 waste or hazardous waste by converting the solid waste or
 33 hazardous waste into energy or other useful products; and
 34 (B) new research and development equipment, new logistical
 35 distribution equipment, or new information technology
 36 equipment;

37 whether the estimate of the number of individuals who will be
 38 employed or whose employment will be retained can be
 39 reasonably expected to result from the installation of the new
 40 manufacturing equipment, new research and development
 41 equipment, new logistical distribution equipment, or new
 42 information technology equipment.

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1 (3) Whether the estimate of the annual salaries of those
2 individuals who will be employed or whose employment will be
3 retained can be reasonably expected to result from the proposed
4 installation of new manufacturing equipment, new research and
5 development equipment, new logistical distribution equipment, or
6 new information technology equipment.

7 (4) With respect to new manufacturing equipment used to dispose
8 of solid waste or hazardous waste by converting the solid waste
9 or hazardous waste into energy or other useful products, whether
10 the estimate of the amount of solid waste or hazardous waste that
11 will be converted into energy or other useful products can be
12 reasonably expected to result from the installation of the new
13 manufacturing equipment.

14 (5) Whether any other benefits about which information was
15 requested are benefits that can be reasonably expected to result
16 from the proposed installation of new manufacturing equipment,
17 new research and development equipment, new logistical
18 distribution equipment, or new information technology
19 equipment.

20 (6) Whether the totality of benefits is sufficient to justify the
21 deduction.

22 The designating body may not designate an area an economic
23 revitalization area or approve the deduction unless it makes the
24 findings required by this subsection in the affirmative.

25 (c) Except as provided in subsection (g), and subject to subsection
26 (h) and section 15 of this chapter, an owner of new manufacturing
27 equipment, new research and development equipment, new logistical
28 distribution equipment, or new information technology equipment
29 whose statement of benefits is approved after June 30, 2000, is entitled
30 to a deduction from the assessed value of that equipment for the
31 number of years determined by the designating body under subsection
32 (f). Except as provided in subsection (e) and in section 2(i)(3) of this
33 chapter, and subject to subsection (h) and section 15 of this chapter, the
34 amount of the deduction that an owner is entitled to for a particular
35 year equals the product of:

36 (1) the assessed value of the new manufacturing equipment, new
37 research and development equipment, new logistical distribution
38 equipment, or new information technology equipment in the year
39 of deduction under the appropriate table set forth in subsection
40 (d); multiplied by

41 (2) the percentage prescribed in the appropriate table set forth in
42 subsection (d).

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

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

6 YEAR OF DEDUCTION	PERCENTAGE
7 1st	100%
8 2nd and thereafter	0%

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

10 YEAR OF DEDUCTION	PERCENTAGE
11 1st	100%
12 2nd	50%
13 3rd and thereafter	0%

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

15 YEAR OF DEDUCTION	PERCENTAGE
16 1st	100%
17 2nd	66%
18 3rd	33%
19 4th and thereafter	0%

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

21 YEAR OF DEDUCTION	PERCENTAGE
22 1st	100%
23 2nd	75%
24 3rd	50%
25 4th	25%
26 5th and thereafter	0%

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

28 YEAR OF DEDUCTION	PERCENTAGE
29 1st	100%
30 2nd	80%
31 3rd	60%
32 4th	40%
33 5th	20%
34 6th and thereafter	0%

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

36 YEAR OF DEDUCTION	PERCENTAGE
37 1st	100%
38 2nd	85%
39 3rd	66%
40 4th	50%
41 5th	34%
42 6th	25%

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1	7th and thereafter	0%
2	(7) For deductions allowed over a seven (7) year period:	
3	YEAR OF DEDUCTION	PERCENTAGE
4	1st	100%
5	2nd	85%
6	3rd	71%
7	4th	57%
8	5th	43%
9	6th	29%
10	7th	14%
11	8th and thereafter	0%
12	(8) For deductions allowed over an eight (8) year period:	
13	YEAR OF DEDUCTION	PERCENTAGE
14	1st	100%
15	2nd	88%
16	3rd	75%
17	4th	63%
18	5th	50%
19	6th	38%
20	7th	25%
21	8th	13%
22	9th and thereafter	0%
23	(9) For deductions allowed over a nine (9) year period:	
24	YEAR OF DEDUCTION	PERCENTAGE
25	1st	100%
26	2nd	88%
27	3rd	77%
28	4th	66%
29	5th	55%
30	6th	44%
31	7th	33%
32	8th	22%
33	9th	11%
34	10th and thereafter	0%
35	(10) For deductions allowed over a ten (10) year period:	
36	YEAR OF DEDUCTION	PERCENTAGE
37	1st	100%
38	2nd	90%
39	3rd	80%
40	4th	70%
41	5th	60%
42	6th	50%

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1	7th	40%
2	8th	30%
3	9th	20%
4	10th	10%
5	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 the county auditor. A certified copy of the resolution shall be sent to the county auditor.

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

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

- (1) is convicted of a criminal violation under IC 13, including IC 13-7-13-3 (repealed) or IC 13-7-13-4 (repealed); or
- (2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage,

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1 or disposal of hazardous wastes that had a major or moderate
2 potential for harm.

3 (h) For purposes of subsection (c), the assessed value of new
4 manufacturing equipment, new research and development equipment,
5 new logistical distribution equipment, or new information technology
6 equipment that is part of an owner's assessable depreciable personal
7 property in a single taxing district subject to the valuation limitation in
8 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 is the product of:

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

12 (2) the quotient of:

13 (A) the amount of the valuation limitation determined under
14 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9 for all of the owner's
15 depreciable personal property in the taxing district; divided by

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

20 (i) under the depreciation schedules in the rules of the
21 department of local government finance before any
22 adjustment for abnormal obsolescence; and

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

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

29 (1) Failure to provide the completed statement of benefits form to
30 the designating body before the hearing required by section 2.5(c)
31 of this chapter.

32 (2) Failure to submit the completed statement of benefits form to
33 the designating body before the:

34 (A) initiation of the redevelopment or rehabilitation;

35 (B) installation of new manufacturing equipment, new
36 research and development equipment, new logistical
37 distribution equipment, or new information technology
38 equipment; or

39 (C) occupation of an eligible vacant building;

40 for which the person desires to claim a deduction under this
41 chapter.

42 (3) Failure to designate an area as an economic revitalization area

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1 before the initiation of the:

2 (A) redevelopment;

3 (B) installation of new manufacturing equipment, new
4 research and development equipment, new logistical
5 distribution equipment, or new information technology
6 equipment;

7 (C) rehabilitation; or

8 (D) occupation of an eligible vacant building;

9 for which the person desires to claim a deduction under this
10 chapter.

11 (4) Failure to make the required findings of fact before
12 designating an area as an economic revitalization area or
13 authorizing a deduction for new manufacturing equipment, new
14 research and development equipment, new logistical distribution
15 equipment, or new information technology equipment under
16 section 2, 3, 4.5, or 4.8 of this chapter.

17 (5) Failure to file a:

18 (A) timely; or

19 (B) complete;

20 deduction application under section 5, 5.3, or 5.4 of this chapter.

21 **(6) Failure to designate an area as a designated downtown**
22 **area under section 16 of this chapter before enhancing a**
23 **deduction under section 16 of this chapter.**

24 (b) This section does not grant a designating body the authority to
25 exempt a person from filing a statement of benefits or exempt a
26 designating body from making findings of fact.

27 (c) A designating body may by resolution waive noncompliance
28 described under subsection (a) under the terms and conditions specified
29 in the resolution. Before adopting a waiver under this subsection, the
30 designating body shall conduct a public hearing on the waiver.

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

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

41 **(2) as a condition of obtaining a deduction under this chapter,**
42 **the deduction applicant agrees to invest at least ten million**

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1 dollars (\$10,000,000) in property that is eligible for a
2 deduction under this chapter;

3 (3) property that is the subject of a deduction application
4 consists of a proposed rehabilitation of property in a
5 designated downtown area; or

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

8 (A) the average annualized unemployment rate in each of
9 the two (2) calendar years immediately preceding the
10 current calendar year exceeded the statewide average
11 annualized unemployment rate for each of the same
12 calendar years by at least two percent (2%); or

13 (B) the average annualized unemployment rate in the
14 immediately preceding calendar year was at least double
15 the statewide average annualized unemployment rate for
16 the same period;

17 as determined by the department of workforce development.

18 (b) A designating body may enhance under this section the
19 deduction schedule that would otherwise apply to tangible
20 property described in subsection (a) to provide a deduction equal
21 to one hundred percent (100%) of the gross assessed value of
22 property for up to three (3) consecutive years, beginning with the
23 first year that the property is eligible for a deduction under this
24 chapter. If the deduction application is for a deduction under
25 section 4.8 of this chapter, the designating body may extend under
26 this section the maximum term of the deduction from two (2) to
27 three (3) years.

28 (c) A designating body may enhance the deduction as provided
29 in subsection (b) in the resolution designating the number of years
30 to which a deduction allowed under section 3, 4.5, or 4.8 of this
31 chapter applies. The designating body may grant an enhancement
32 under the terms and conditions specified in the resolution. Before
33 adopting a resolution under this subsection, the designating body
34 shall conduct a public hearing on the resolution. Notice of the
35 public hearing shall be published in accordance with IC 5-3-1. In
36 addition, the designating body shall notify each taxing unit within
37 the taxing district where the property is or will be located of the
38 proposed resolution, including the date and time of the public
39 hearing. If a resolution is adopted under this section, the
40 designating body shall deliver a copy of the adopted resolution to
41 the:

42 (1) county auditor; and

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1 (2) township assessor for the township where the property is
2 located or, if there is no township assessor, the county
3 assessor;
4 within thirty (30) days after its adoption.

5 (d) A public hearing or resolution under this section may be
6 combined with any other public hearing or resolution required
7 under this chapter.

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

- 11 (1) the central business district of a city or town; or
- 12 (2) any commercial or mixed use area within a neighborhood
- 13 of a city or town that has traditionally served, since the
- 14 founding of the community, as the retail service and
- 15 communal focal point within the community;

16 as a designated downtown area. The ordinance must include a
17 simplified description of the boundaries of the area by describing
18 its location in relation to public ways, streams, or otherwise. The
19 fiscal body may designate a maximum of fifteen percent (15%) of
20 the total geographic territory of the city or town as a designated
21 downtown area. A resolution adopted under subsection (c)
22 concerning property described in subsection(a)(3) must include a
23 certified copy of the ordinance adopted under this subsection.

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

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

34 Total value of the investment	Points
35 in real and personal property	
36 Less than \$100,000	5
37 At least \$100,000 but less than \$250,000	10
38 At least \$250,000 but less than \$500,000	15
39 At least \$500,000 but less than \$750,000	20
40 At least \$750,000 but less than \$1,000,000	23
41 At least \$1,000,000 but less than \$2,000,000	26
42 At least \$2,000,000 but less than \$4,000,000	28

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1	At least \$4,000,000	30
2	Total number of new full-time	
3	equivalent jobs	Points
4	At least 3 but less than 6	5
5	At least 6 but less than 11	10
6	At least 11 but less than 16	15
7	At least 16 but less than 26	20
8	At least 26 but less than 51	23
9	At least 51 but less than 75	26
10	At least 75 but less than 100	28
11	At least 100	30
12	Ratio the average wage of the new employees	
13	bears to the state minimum wage	Points
14	At least 1.2	5
15	At least 1.4 but less than 1.6	10
16	At least 1.6 but less than 1.8	15
17	At least 1.8 but less than 2	20
18	At least 2 but less than 2.25	23
19	At least 2.25 but less than 2.5	26
20	At least 2.5 but less than 3	28
21	At least 3	30
22	Infrastructure requirements already in place	Points
23	Adequate road	2
24	Water	2
25	Wastewater	2
26	Electric service	2
27	Gas	2
28	(c) This subsection applies to a taxpayer that receives a	
29	deduction under section 4 or 4.5 of this chapter for a business	
30	expansion in a revitalization area. Points are assigned to the	
31	various components of the taxpayer's investment as follows:	
32	Total value of the investment	
33	in real and personal property	Points
34	Less than \$100,000	5
35	At least \$100,000 but less than \$250,000	16
36	At least \$250,000 but less than \$500,000	21
37	At least \$500,000 but less than \$750,000	24
38	At least \$750,000 but less than \$1,000,000	26
39	At least \$1,000,000 but less than \$2,000,000	28
40	At least \$2,000,000 but less than \$4,000,000	29
41	At least \$4,000,000	30
42	Total number of new full-time equivalent jobs	Points

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1	At least 3 but less than 6	10
2	At least 6 but less than 11	16
3	At least 11 but less than 16	21
4	At least 16 but less than 26	24
5	At least 26 but less than 51	26
6	At least 51 but less than 75	28
7	At least 75 but less than 100	29
8	At least 100	30

9	Ratio the average wage of the new employees	
10	bears to the state minimum wage	Points
11	At least 1.2	10
12	At least 1.4 but less than 1.6	16
13	At least 1.6 but less than 1.8	21
14	At least 1.8 but less than 2	24
15	At least 2 but less than 2.25	26
16	At least 2.25 but less than 2.5	28
17	At least 2.5 but less than 3	29
18	At least 3	30

19	Infrastructure requirements already in place	Points
20	Adequate road	1
21	Water	1
22	Wastewater	1
23	Electric service	1
24	Gas	1

25 (d) To determine the percentage used to calculate the deduction
 26 that a taxpayer may claim under section 4 or 4.5 of this chapter,
 27 the designating body shall count the points assigned to the various
 28 components of the taxpayer's investment relocating to or
 29 expanding within a revitalization area under subsection (b) or (c),
 30 as appropriate. The applicable percentage based on the total
 31 number of points is as follows:

32	Total points	Applicable percentage
33	Less than 10	100% for year 1
34	At least 10 but less than 20	100% for year 1
35		75% for year 2
36	At least 20 but less than 30	100% for year 1
37		75% for year 2
38		50% for year 3
39	At least 30 but less than 40	100% for year 1
40		75% for year 2
41		50% for year 3
42		25% for year 4

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1	At least 40 but less than 50	100% for years 1-2
2		75% for year 3
3		50% for year 4
4		25% for year 5
5	At least 50 but less than 60	100% for years 1-3
6		75% for year 4
7		50% for year 5
8		25% for year 6
9	At least 60 but less than 70	100% for years 1-4
10		75% for year 5
11		50% for year 6
12		25% for year 7
13	At least 70 but less than 80	100% for years 1-5
14		75% for year 6
15		50% for year 7
16		25% for year 8
17	At least 80 but less than 90	100% for years 1-6
18		75% for year 7
19		50% for year 8
20		25% for year 9
21	At least 90 but less than 100	100% for years 1-7
22		75% for year 8
23		50% for year 9
24		25% for year 10
25	At least 100	100% for years 1-8
26		75% for year 9
27		50% for year 10
28		25% for year 11

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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. (a) As used in this chapter, "new employee" means a full-time employee first employed by a taxpayer in the project that is the subject of a hiring incentive agreement and who is employed



1 after the taxpayer enters into the hiring incentive agreement.

2 (b) The term "new employee" does not include:

3 (1) an employee of the taxpayer who performs a job that was
4 previously performed by another employee, if that job existed
5 for at least six (6) months before hiring the new employee;

6 (2) an employee of the taxpayer who was previously employed
7 in Indiana by a related member of the taxpayer and whose
8 employment was shifted to the taxpayer after the taxpayer
9 entered into the hiring incentive agreement; or

10 (3) a child, grandchild, parent, or spouse, other than a spouse
11 who is legally separated from the individual, of any individual
12 who is an employee of the taxpayer and who has a direct or an
13 indirect ownership interest of at least five percent (5%) in the
14 profits, capital, or value of the taxpayer (an ownership
15 interest shall be determined in accordance with Section 1563
16 of the Internal Revenue Code and regulations prescribed
17 under that Section).

18 (c) Notwithstanding subsection (b)(1), if a new employee
19 performs a job that was previously performed by an employee who
20 was:

21 (1) treated under the agreement as a new employee; and

22 (2) promoted by the taxpayer to another job;

23 the employee may be considered a new employee under the
24 agreement.

25 Sec. 5. "Person" means an individual, a sole proprietorship, a
26 partnership, an association, a fiduciary, a corporation, a limited
27 liability company, or any other business entity.

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

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

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

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

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

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

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1 hiring incentive under this chapter. The president of the IEDC
2 shall prescribe the form of the application.

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

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

12 (2) The applicant's project is economically sound and will
13 benefit the people of the qualified unit by increasing
14 opportunities for employment in the qualified unit and
15 strengthening the economy of Indiana.

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

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

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

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

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

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

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

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

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- 1 (1) A detailed description of the project that is the subject of
 2 the agreement.
 3 (2) The duration of the hiring incentive and the first calendar
 4 year for which the hiring incentive may be claimed.
 5 (3) The hiring incentive amount that will be allowed for each
 6 calendar year.
 7 (4) A requirement that the taxpayer shall maintain operations
 8 at the project location for at least two (2) years following the
 9 last calendar year in which the applicant claims the hiring
 10 incentive.
 11 (5) A statement that a taxpayer is subject to an assessment
 12 under section 16 of this chapter for noncompliance with the
 13 agreement.
 14 (6) A specific method for determining the number of new
 15 employees employed during a calendar year who are
 16 performing jobs not previously performed by an employee.
 17 (7) A requirement that the taxpayer shall annually report to
 18 the IEDC the number of new employees who are performing
 19 jobs not previously performed by an employee, the new
 20 income tax revenue withheld in connection with the new
 21 employees, and any other information the president of the
 22 IEDC needs to perform the president's duties under this
 23 chapter.
 24 (8) A requirement that the president of the IEDC is
 25 authorized to verify with the appropriate state agencies the
 26 amounts reported under subdivision (7), and after doing so
 27 shall issue a certificate to the taxpayer stating that the
 28 amounts have been verified.
 29 (9) Any other performance conditions that the qualified unit
 30 determines are appropriate.
 31 (b) A qualified unit shall provide copies of each agreement it
 32 enters under this chapter to the IEDC and the department of state
 33 revenue.
 34 Sec. 15. A qualified unit shall pay hiring incentives provided
 35 under this chapter from revenues received by the qualified unit
 36 under:
 37 (1) IC 6-3.5-1.1-15;
 38 (2) IC 6-3.5-6-19;
 39 (3) IC 6-3.5-7-13.1; or
 40 (4) any combination of the sources listed in subdivisions (1)
 41 through (3).
 42 Sec. 16. If the department of state revenue, the IEDC, or a

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1 qualified unit determines that a taxpayer who has claimed a hiring
2 incentive under this chapter is not entitled to the hiring incentive
3 because of the taxpayer's noncompliance with the requirements of
4 the hiring incentive agreement or all of the provisions of this
5 chapter, the department, the IEDC, or a qualified unit shall, after
6 giving the taxpayer an opportunity to explain the noncompliance,
7 impose an assessment on the taxpayer in an amount that may not
8 exceed the sum of any previously allowed hiring incentives under
9 this chapter together with interest and penalties required or
10 permitted by law.

11 Sec. 17. The IEDC shall submit an annual report to the
12 legislative council before November 1. The report must be in an
13 electronic format under IC 5-14-6 and must contain the following
14 information concerning a program established under this chapter:

15 (1) The number of taxpayers receiving hiring incentives in
16 that particular year.

17 (2) The location of each business receiving hiring incentives as
18 of the date of the report.

19 (3) A summary of the state and local incentives provided to
20 each business receiving hiring incentives as of the date of the
21 report.

22 (4) The number of jobs created and the average salary paid by
23 each business receiving hiring incentives as of the date of the
24 report.

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