

**CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 302**

Citations Affected: IC 6-1.1-10-44.

Synopsis: Information technology equipment exemption. Provides that the property tax exemption for qualified enterprise information technology equipment applies only to property located in a high technology district area designated by the fiscal body of the county or municipality. Specifies the procedure for the designation of such an area. Provides that an entity that leases qualified property for use in a facility or data center dedicated to computing, networking, or data storage activities is also eligible for the exemption. (Current law provides that only a business that operates such a facility is eligible for the exemption.) Requires that at least \$10,000,000 must be invested in the facility or data center after June 30, 2012, by the entity entering into the agreement for the exemption and by the lessor of the qualified property (if the business is a lessee) and all lessees of qualified property. **(This conference committee report deletes the following: (1) The provision authorizing a political subdivision to petition the department of local government finance to increase the tax rate for its capital projects fund for taxes payable in 2013 if the political subdivision's assessed valuation and maximum tax rate decreased for taxes payable in 2012. (2) The provisions changing the formulas for calculating the maximum tax rates for cumulative funds and school corporation capital projects funds. (3) The provisions changing the due date for the first installment of 2012 property taxes to June 10. (4) The provision eliminating the requirement to add back the amounts deducted for federal income tax purposes as expenses of elementary and secondary school teachers for taxable years beginning after December 31, 2011.)**

Effective: July 1, 2012.

Adopted Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 302 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
2 SECTION 1. IC 6-1.1-10-44, AS AMENDED BY P.L.173-2011,
3 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2012]: Sec. 44. (a) As used in this section, "designating body"
5 means the fiscal body of:
6 (1) a county that does not contain a consolidated city; or
7 (2) a municipality.
8 (b) As used in this section, "eligible business" means an entity that
9 meets the following requirements:
10 (1) The entity is engaged in a business that:
11 **(A) operates; or**
12 **(B) leases qualified property for use in;**
13 one (1) or more facilities **or data centers** dedicated to computing,
14 networking, or data storage activities.
15 (2) The ~~entity~~ **entity's qualified property** is located ~~in~~ **at** a
16 facility or data center in Indiana **that is located in an area**
17 **designated as a high technology district area.**
18 (3) The entity, ~~invests the lessor of qualified property (if the~~
19 **entity is a lessee), and all lessees of qualified property invest**
20 in the aggregate at least ten million dollars (\$10,000,000) in real
21 and personal property ~~in Indiana at the facility or data center~~
22 after June 30, ~~2009~~: **2012.**

1 (4) The average ~~employee~~ wage of ~~the entity~~ **employees who are**
 2 **located in the county or municipality and engaged in the**
 3 **operation of the facility or data center** is at least one hundred
 4 twenty-five percent (125%) of the county average wage for ~~each~~
 5 **the county in which the entity conducts business operations:**
 6 **facility or data center operates.**

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

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

11 (2) Networking systems having an industry designation as
 12 equipment within the "enterprise" or "data center" class of
 13 networking systems that support the computing, networking, or
 14 data storage functions.

15 (3) Generators and other equipment used to ensure an
 16 uninterrupted power supply to equipment described in subdivision
 17 (1) or (2).

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

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

22 (e) **As used in this section, "high technology district area" means**
 23 **all or any part of the area that:**

24 **(1) is within the corporate limits of a county or municipality;**
 25 **and**

26 **(2) has been designated as a high technology district area by**
 27 **the appropriate designating body under subsection (h).**

28 ~~(e)~~ (f) As used in this section, "municipality" has the meaning set
 29 forth in IC 36-1-2-11.

30 ~~(f)~~ (g) As used in this section, "qualified property" means enterprise
 31 information technology equipment purchased after June 30, ~~2009~~;
 32 **2012, and any additions to or replacements to such property.**

33 ~~(g)~~ (h) Before adopting a final resolution ~~under subsection (h) to~~
 34 **provide a property tax exemption; to designate a high technology**
 35 **district area**, a designating body must first adopt a declaratory
 36 resolution provisionally **specifying finding that qualified property**
 37 **owned by a particular eligible business is exempt from property**
 38 **taxation: all or a part of the area within the designating body's**
 39 **jurisdiction is a high technology district area.** The designating body
 40 shall file a declaratory resolution adopted under this subsection **must**
 41 **include a description of the affected area and must be filed** with the
 42 county assessor. After a designating body adopts a declaratory
 43 resolution specifying that qualified property owned by a particular
 44 eligible business is exempt from property taxation; The designating
 45 body shall **then** publish notice of the adoption and the substance of the
 46 declaratory resolution in accordance with IC 5-3-1 and file a copy of
 47 the notice and the declaratory resolution with each taxing unit in the
 48 county. The notice must specify a date when the designating body will
 49 receive and hear all remonstrances and objections from interested
 50 persons. The designating body shall file the notice and the declaratory

1 resolution with the officers of the taxing units who are authorized to fix
 2 budgets, tax rates, and tax levies under IC 6-1.1-17-5 at least ten (10)
 3 days before the date for the public hearing. After the designating body
 4 considers the testimony presented at the public hearing, the designating
 5 body may adopt a second and final resolution ~~under subsection (h)~~. ~~The~~
 6 ~~second and final resolution under subsection (h) may modify, confirm,~~
 7 ~~or rescind before January 1, 2017, determining whether to~~
 8 ~~designate a high technology district area and modifying,~~
 9 ~~confirming, or rescinding the declaratory resolution. This~~
 10 ~~determination of the designating body is final.~~

11 ~~(h) Before January 1, 2017, (i) A designating body may, after~~
 12 ~~following the procedures of subsection (g), adopt adopting a final~~
 13 ~~resolution providing that qualified property owned by a particular~~
 14 ~~under subsection (h) designating an area as a high technology~~
 15 ~~district area, enter into an agreement with an eligible business is~~
 16 ~~exempt from to grant the eligible business a property taxation: tax~~
 17 ~~exemption. In the case of a county, the exemption applies only to~~
 18 ~~qualified property that is located in unincorporated territory of the~~
 19 ~~county. In the case of a municipality, the exemption applies only to~~
 20 ~~qualified property that is located in the municipality. The property tax~~
 21 ~~exemption applies to the qualified property only if the designating body~~
 22 ~~and the eligible business enter into an agreement concerning the~~
 23 ~~property tax exemption. The agreement must specify the duration of the~~
 24 ~~property tax exemption. The agreement may specify that if the~~
 25 ~~ownership of qualified property is transferred by an eligible business,~~
 26 ~~the transferee is entitled to the property tax exemption on the same~~
 27 ~~terms as the transferor. If a designating body adopts a final resolution~~
 28 ~~under this subsection (h) and enters into an agreement with an eligible~~
 29 ~~business, the qualified property owned by the eligible business is~~
 30 ~~exempt from property taxation as provided in the resolution and the~~
 31 ~~agreement.~~

32 ~~(i) (j) If a designating body adopts a final resolution under~~
 33 ~~subsection (h) and enters into an agreement under subsection (h) (i) to~~
 34 ~~provide a property tax exemption, the property tax exemption continues~~
 35 ~~for the period specified in the agreement, notwithstanding the January~~
 36 ~~1, 2017, deadline to adopt a final resolution under subsection (h).~~

(Reference is to ESB 302 as reprinted March 1, 2012.)

Conference Committee Report
on
Engrossed Senate Bill 302

Signed by:

Senator Charbonneau
Chairperson

Representative Clere

Senator Broden

Representative Candelaria Reardon

Senate Conferees

House Conferees