SENATE BILL No. 302

DIGEST OF INTRODUCED BILL

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

Synopsis: Technology equipment property tax 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, 2009, 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.

Effective: July 1, 2012.

Charbonneau

January 5, 2012, read first time and referred to Committee on Commerce & Economic Development.

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Introduced

Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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SENATE BILL No. 302

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 6-1.1-10-44, AS AMENDED BY P.L.173-2011, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 44. (a) As used in this section, "designating body" means the fiscal body of:

(1) a county that does not contain a consolidated city; or

(2) a municipality.

(b) As used in this section, "eligible business" means an entity that meets the following requirements:

(1) The entity is engaged in a business that:

(A) operates; **or**

(B) leases qualified property for use in:

one (1) or more facilities **or data centers** dedicated to computing, networking, or data storage activities.

(2) The ~~entity~~ **entity's qualified property** is located ~~in~~ **at** a facility or data center in Indiana **that is located in an area designated as a high technology district area.**

(3) The entity, ~~invests~~ **the lessor of qualified property (if the**

entity is a lessee), and all lessees of qualified property invest in the aggregate at least ten million dollars ($10,000,000) in real and personal property ~~in Indiana~~ **at the facility or data center** after June 30, 2009.

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

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

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

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

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

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

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

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

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

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

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

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

~~(g)~~ **(h)** Before adopting a final resolution ~~under subsection (h) to provide a property tax exemption,~~ **to designate a high technology district area,** a designating body must first adopt a declaratory resolution provisionally ~~specifying~~ **finding** that ~~qualified property owned by a particular eligible business is exempt from property taxation.~~ **all or a part of the area within the designating body's**

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jurisdiction is a high technology district area. The ~~designating body shall file a~~ declaratory resolution ~~adopted under this subsection~~ **must include a description of the affected area and must be filed** with the county assessor. ~~After a designating body adopts a declaratory resolution specifying that qualified property owned by a particular eligible business is exempt from property taxation,~~ The designating body shall **then** publish notice of the adoption and the substance of the declaratory resolution in accordance with IC 5-3-1 and file a copy of the notice and the declaratory resolution with each taxing unit in the county. The notice must specify a date when the designating body will receive and hear all remonstrances and objections from interested persons. The designating body shall file the notice and the declaratory resolution with the officers of the taxing units who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date for the public hearing. After the designating body considers the testimony presented at the public hearing, the designating body may adopt a second and final resolution ~~under subsection (h). The second and final resolution under subsection (h) may modify, confirm, or rescind~~ **before January 1, 2017, determining whether to designate a high technology district area and modifying, confirming, or rescinding** the declaratory resolution. **This determination of the designating body is final.**

~~(h) Before January 1, 2017,~~ **(i)** A designating body may, after ~~following the procedures of subsection (g), adopt~~ **adopting** a final resolution ~~providing that qualified property owned by a particular~~ **under subsection (h) designating an area as a high technology district area, enter into an agreement with an** eligible business ~~is exempt from~~ **to grant the eligible business a** property ~~taxation.~~ **tax exemption.** In the case of a county, the exemption applies only to qualified property that is located in unincorporated territory of the county. In the case of a municipality, the exemption applies only to qualified property that is located in the municipality. The property tax exemption applies to the qualified property only if the designating body and the eligible business enter into an agreement concerning the property tax exemption. The agreement must specify the duration of the property tax exemption. The agreement may specify that if the ownership of qualified property is transferred by an eligible business, the transferee is entitled to the property tax exemption on the same terms as the transferor. If a designating body adopts a final resolution under ~~this~~ subsection **(h)** and enters into an agreement with an eligible business, the qualified property owned by the eligible business is exempt from property taxation as provided in the resolution and the

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agreement.

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

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