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FISCAL IMPACT STATEMENT

LS 6489

BILL NUMBER: SB 162

NOTE PREPARED: Dec 17, 2012

BILL AMENDED:

SUBJECT: Economic Development Incentives and Reports.

FIRST AUTHOR: Sen. Delph

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a person that applies for an economic development incentive with the Indiana Economic Development Corporation (IEDC) to include a representation of the applicant's expected financial investment in Indiana. The bill prohibits the IEDC from granting any incentive that is measured by any activity that occurred before the date of the financial incentive agreement.

The bill requires an incentive recipient to annually provide job and financial investment information that corresponds to the recipient's representations as an applicant. It specifies that the information that an incentive recipient files with the IEDC compliance officer to detail the recipient's compliance with the incentive agreement must be available for inspection and copying under the Public Records Law. The bill specifies for the purposes of the Public Records Law that the IEDC negotiations terminate on the date the financial incentive agreement is executed.

The bill requires the applicant's representations and the recipient's annual compliance information to be included in the IEDC's annual Economic Incentives and Compliance Report.

It repeals a duplicate statute concerning the requirement that the IEDC disclose the terms of a final incentive offer.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary - Indiana Economic Development Corporation:* This bill will increase the administrative expenses of the IEDC. They will be required to modify forms, applications, and the

annual Economic Incentives and Compliance Report. They currently evaluate incentive recipient compliance reports to insure an incentive recipient is not violating the hiring conditions established in their job creation incentive agreement. This bill adds to the compliance reporting and evaluation by requiring an incentive recipient to include in the compliance reports their financial investment in Indiana due to the job creation project. Also, the IEDC may incur additional expenses to respond to a greater number of information requests when the bill makes the annual recipient compliance reports available under the Public Records Law. The IEDC's current level of resources and staff should be sufficient to comply with all the provisions within the bill.

Additional Information - The bill requires the IEDC to collect additional information from applicants regarding the amount of expected financial investment to be made in Indiana. This information must be reported on the initial job creation incentive agreement and be reported on a recipient's annual compliance report filed with the IEDC. The bill requires the IEDC to review financial investment amounts while conducting a compliance evaluation. The bill stipulates that the financial investment information reported on an annual recipient compliance filing must be reported in the IEDC's annual economic incentive and compliance report. In addition, all information contained in a recipient's annual compliance filing with the IEDC must be made available for inspection through the Public Records Law once the financial incentive agreement is executed.

Ports of Indiana, Indiana State Department of Agriculture, and Indiana Finance Authority: The bill requires these agencies to make available any information provided to them by an incentive recipient through the Public Records Law after the date a financial incentive agreement is executed. Their current level of staff and resources should be sufficient to comply with the provisions of the bill.

Explanation of State Revenues: The bill prohibits the IEDC from providing financial incentives based on the activity that occurred prior to the incentive agreement. This will likely have no revenue impact because nearly all state job creation incentives require the taxpayer to contact the IEDC prior to beginning the potentially qualifying business activity in order to receive a financial incentive. The IEDC must determine if the proposed activity qualifies for a financial incentive before the project starts.

Explanation of Local Expenditures: The bill also requires local economic development organizations and any other governing bodies with industrial, research, or commercial prospects to make available any information provided to them by an incentive recipient through the Public Records Law after the date the financial incentive agreement is executed. Local units' current level of staff and resources should be sufficient to comply with the provisions of the bill.

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation, Ports of Indiana, Indiana State Department of Agriculture, Indiana Finance Authority.

Local Agencies Affected: Local economic development organizations, a governing body with industrial, research, or commercial prospects.

Information Sources:

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