LEGISLATIVE SERVICES AGENCY

OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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FISCAL IMPACT STATEMENT

LS 7064 | **NOTE PREPARED:** Dec 30, 2020
BILL NUMBER: HB 1218 | **BILL AMENDED:**

SUBJECT: Certified Technology Parks.

FIRST AUTHOR: Rep. Heine | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State & Local
DEDICATED
FEDERAL

Summary of Legislation: The bill increases, from $100,000 to $250,000, the annual additional incremental income tax deposit amount that a certified technology park captures once it has reached its limit on deposits. It clarifies the calculation of the additional incremental income tax deposit amount in the year in which a certified technology park reaches its limit on deposits.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Department of State Revenue (DOR)*: The DOR will incur additional expenses to compute additional incremental tax distributions. The DOR's current level of staff and resources should be sufficient to implement the provisions within the bill.

Explanation of State Revenues: The bill increases the annual additional revenue capture limit from $100,000 to $250,000. The additional revenue is comprised of only the incremental state and local income tax captures. The bill may decrease revenue to the state General Fund by an additional $1.3 M to $2.0 M each year beginning in FY 2022.

Additional Information - The CTP program was created to help businesses involved in high technology to locate in Indiana and facilitate job creation by these businesses. CTPs are authorized to capture incremental revenue from sales tax, state income tax, and local income tax. Each CTP has a lifetime limit of $5 M in revenue the CTP can acquire, with an annual additional revenue capture limit of $100,000 after reaching the $5 M cap. As of December 2019, 22 CTPs were certified by the IEDC and 14 had reached the lifetime revenue capture limit.

Explanation of Local Expenditures:

Explanation of Local Revenues: Changing the CTP tax capture limits will increase the amount of local income tax (LIT) revenue distributed to the CTPs. The total estimated increase in LIT captured by all CTPs statewide is approximately $0.5 M to $0.7 M each year beginning in FY 2022.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Certified Technology Parks.

Information Sources: Department of State Revenue; Office of Fiscal and Management Analysis, 2017 Tax Incentive Evaluation; Indiana Economic Development Corporation, https://iedc.in.gov/programs/certified-technology-parks/home.

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