

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 7286

BILL NUMBER: SB 465

NOTE PREPARED: Apr 10, 2025

BILL AMENDED: Apr 10, 2025

SUBJECT: Certified Technology Parks.

FIRST AUTHOR: Sen. Bassler

FIRST SPONSOR: Rep. Lindauer

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill provides that if a Level 2 Certified Technology Park (CTP): (1) has reached the limit of deposits for a Level 2 park; (2) maintains its certification; and (3) is located within a military base enhancement area; the park shall become a Level 3 park upon reaching its Level 2 deposit limit. The bill provides that a Level 3 park may receive an additional annual incremental income tax deposit of up to \$250,000.

Effective Date: July 1, 2025.

Explanation of State Expenditures: The Department of State Revenue (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.

The Indiana Economic Development Corporation will determine if a CTP qualifies for the Level 3 criteria and conduct re-certification every three years. The Indiana Economic Development Corporation's current level of staff and resources should be sufficient to implement this provision.

Explanation of State Revenues: (Revised) The bill provides that if a Level 2 CTP meets certain criteria, it will become a Level 3 CTP and may receive an additional annual incremental income tax deposit of up to \$250,000. The additional revenue is comprised of the incremental state and local income tax captures. The bill may decrease revenue to the state General Fund by an estimated maximum of \$596,000 each year beginning in FY 2026.

(Revised) **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 capture, with an annual additional revenue capture limit of \$250,000 for Level 2 CTPs after reaching the \$5 M cap. This bill establishes Level 3 CTPs and authorizes an additional annual deposit of up to \$250,000 multiplied by the number of redevelopment commissions that have entered

into a written agreement for the operation of the CTP. LSA identified one CTP that could potentially qualify for the Level 3 criteria. This CTP spans three counties. The total state and local additional revenue captured by the CTP would be up to \$750,000 each year.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Establishing Level 3 CTPs will increase the amount of local income tax (LIT) revenue distributed to the CTPs. The estimated increase in LIT captured by qualified CTPs is up to \$154,000 each year beginning in FY 2026.

State Agencies Affected: Indiana Economic Development Corporation; Department of State Revenue.

Local Agencies Affected: Certified Technology Parks.

Information Sources: Department of State Revenue; Office of Fiscal and Management Analysis, 2021 Tax Incentive Evaluation; Indiana Economic Development Corporation, <https://iedc.in.gov/program/certified-technology-parks/overview>.

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