

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

LS 7310
BILL NUMBER: SB 516

NOTE PREPARED: Feb 17, 2025
BILL AMENDED: Feb 17, 2025

SUBJECT: Economic Development.

FIRST AUTHOR: Sen. Buchanan
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Office of Entrepreneurship and Innovation*: The bill establishes the Office of Entrepreneurship and Innovation. The bill also specifies the duties of the office.

Annual Report: The bill provides for the submission of an annual report of the activities of an innovation development district (IDD) as to financial information pertaining to tax increment financing districts in an IDD to the: (1) fiscal body of the county, city, or town; and (2) Department of Local Government Finance (DLGF).

Land Purchase Notice: The bill requires the Indiana Economic Development Corporation (IEDC), before purchasing land in a county that exceeds 100 acres, to first give notice to the county or municipality, or both, in which the land is located not later than 30 days before the closing date for the purchase.

IEDC President Appointment: The bill requires the Governor to appoint the president of the IEDC, who shall serve at the pleasure of the Governor and report to the Secretary of Commerce. (Under current law, the Secretary of Commerce is the president of the IEDC.)

Central Indiana Regional Development Authority (CIRDA): The bill repeals the statute that expires the CIRDA.

Effective Date: Upon passage; July 1, 2025.

Explanation of State Expenditures: *Office of Entrepreneurship and Innovation*: Establishing the Office of Entrepreneurship and Innovation is estimated to increase General Fund expenditures by approximately \$1.8 M for staff salaries and fringe benefits in FY 2026, with these costs estimated to increase to \$1.9 M in FY 2027. The bill does not appropriate funds for the programs the agency will manage. Estimated costs can be reduced to the extent the Office of Entrepreneurship and Innovation works in conjunction with the IEDC to utilize vacant staff positions or unexpended appropriations.

Annual Report: The bill provides that the IEDC and the local government in which an IDD is designated must submit a report to the local fiscal body and the DLGF containing the IDD's activities and financial information by April 15 each year. This requirement is expected to increase the workload of the IEDC and local executives. The task can be accomplished within existing resource and funding levels.

Land Purchase Notice: The bill requires the IEDC, before purchasing land in a county that exceeds 100 acres, to first give written notice to the county or municipality, or both, in which the land is located not later than 30 days before the closing date for the purchase. The requirement of written notice can be implemented within existing resource levels.

IEDC President Appointment: The bill requires the Governor to appoint the president of the IEDC and the Secretary of Commerce separately. This requirement would increase the cost to the extent the salary and benefits would be paid to the new president of the IEDC. The estimated annual cost is between \$287,000 and \$370,000. The bill also requires the president to report to the Secretary of Commerce, which could increase administrative costs marginally.

Additional Information - The State of Illinois currently maintains an Office of Entrepreneurship and Innovation. Over the past five fiscal years, the Office has averaged annual expenditures of \$28.4 M per year and maintained an average of approximately 23 full time equivalent positions. These annual costs include salary and benefits as well as expenditures on developing and administering programs to promote small businesses, innovation, and entrepreneurship in the state of Illinois.

Assuming the difference between Illinois' General Fund expenditures compared to Indiana, establishing an Indiana Office of Entrepreneurship and Innovation is expected to require 10 full time equivalent positions. As of December 2024, the IEDC maintained six vacant positions (that were not for interns), valued at approximately \$882,000 in annual salary. Using the salary for these positions as a baseline, annual personnel costs (salary and fringe benefits) for these 10 positions are estimated to be \$1.8 M in FY 2026 and \$1.9 M in FY 2027.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *CIRDA:* Under current law, the CIRDA will expire July 1, 2025. Repealing the statute that expires the CIRDA would continue the current workload and expenditures for CIRDA. The CIRDA is governed by a strategy committee, which is required to meet at least quarterly. The CIRDA is required to pay the cost of an annual financial audit by a certified public accountant, which must be approved by and under the direction of the State Examiner. The CIRDA must issue a report annually to the Legislative Council, State Budget Committee, the Indiana Economic Development Corporation, and the executive, fiscal body, and legislative body of each member of the CIRDA concerning its operations and activities during the preceding year.

Explanation of Local Revenues: (Revised) *CIRDA:* According to the IEDC, as of October 18, 2024, it has awarded \$45 M in Regional Economic Acceleration and Development Initiative (READI) 2.0 matching funds to the central Indiana READI region, which is led by CIRDA. The bill could lead to the IEDC continuing to provide funding support to the CIRDA after June 30, 2025.

State Agencies Affected: Governor, IEDC, State Board of Accounts.

Local Agencies Affected: Eligible political subdivisions within the Indianapolis-Carmel-Anderson

Metropolitan Statistical Area.

Information Sources: Illinois Comptroller Database; December 2024 Staffing Report; FY 2024 Reversion Data; State of Indiana Transparency Portal;
IEDC, Central Indiana Moves Forward with READI 2.0 Developments to Advance Quality of Place, October 18, 2024,
<https://iedc.in.gov/events/news/details/2024/10/18/central-indiana-moves-forward-with-readi-2.0-developments-to-advance-quality-of-place>.

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