

HOUSE BILL No. 1144

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.6-11-6; IC 36-7.5.

Synopsis: South Shore sales tax increment district. Provides for a Chicago, South Shore, and South Bend Railway sales tax increment financing corridor that exists through 2046. Provides that 50% of the sales and use taxes collected within the corridor above the amount collected in 2015 is to be allocated to the northwest Indiana regional development authority. Requires the allocation to be deposited in the rail transit development corridor fund to provide dollar for dollar matching grants to a municipality or political subdivision that commits to participate in the West Lake corridor improvement project or main line double tracking project with a local match. Requires the northwest Indiana regional development authority board to approve the use of the fund. Requires budget agency findings and approval of projects. Requires annual reports to the state. Requires the office of management and budget to conduct a review and submit a report in 2030.

Effective: July 1, 2017.

Slager

January 5, 2017, read first time and referred to Committee on Ways and Means.



First Regular Session of the 120th General Assembly (2017)

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 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1144

A BILL FOR AN ACT to amend the Indiana Code concerning local government and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.6-11-6, AS ADDED BY P.L.197-2016,
2 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2017]: Sec. 6. (a) This section applies to Lake County,
4 LaPorte County, Porter County, and any municipality in those counties
5 that is a member of the northwest Indiana regional development
6 authority (IC 36-7.5) for purposes of categorizations, allocations, and
7 distributions of additional revenue that is allocated each year for
8 economic development purposes under IC 6-3.6-6-9.
9 (b) This subsection applies only to Lake County. **The county or a
10 city described in IC 36-7.5-2-3(b) may use additional revenue that
11 is allocated each year for economic development purposes under
12 IC 6-3.6-6-9 for making transfers required by IC 36-7.5-4-2 or
13 matching a grant award under IC 36-7.5-4.5.** The county or a city or
14 town in the county may use additional revenue that is allocated each
15 year for economic development purposes under IC 6-3.6-6-9 to provide
16 homestead credits in the county, city, or town. The following apply to
17 homestead credits provided under this subsection:



- 1 (1) The county, city, or town fiscal body must adopt an ordinance
- 2 authorizing the homestead credits. The ordinance must specify the
- 3 amount of additional revenue that will be used to provide
- 4 homestead credits in the following year.
- 5 (2) The county, city, or town fiscal body that adopts an ordinance
- 6 under this subsection must forward a copy of the ordinance to the
- 7 county auditor and the department of local government finance
- 8 not more than thirty (30) days after the ordinance is adopted.
- 9 (3) The homestead credits must be applied uniformly to provide
- 10 a homestead credit for homesteads in the county, city, or town.
- 11 (4) The homestead credits shall be treated for all purposes as
- 12 property tax levies.
- 13 (5) The homestead credits shall be applied to the net property
- 14 taxes due on the homestead after the application of all other
- 15 assessed value deductions or property tax deductions and credits
- 16 that apply to the amount owed under IC 6-1.1.
- 17 (6) The auditor of state shall determine the homestead credit
- 18 percentage for a particular year based on the amount of additional
- 19 revenue that will be used under this subsection to provide
- 20 homestead credits in that year.
- 21 (c) This subsection applies only to LaPorte County as follows:
- 22 (1) This subsection applies if:
- 23 (A) the county fiscal body has adopted an ordinance under
- 24 IC 36-7.5-2-3(e) providing that the county is joining the
- 25 northwest Indiana regional development authority; and
- 26 (B) the fiscal body of the city described in IC 36-7.5-2-3(e) has
- 27 adopted an ordinance under IC 36-7.5-2-3(e) providing that
- 28 the city is joining the development authority.
- 29 (2) Additional revenue that is allocated each year for economic
- 30 development purposes under IC 6-3.6-6-9 may be used by a
- 31 county or a city described in IC 36-7.5-2-3(e) for making transfers
- 32 required by IC 36-7.5-4-2. In addition, if the allocation of
- 33 additional revenue for economic development purposes under
- 34 IC 6-3.6-6-9 is increased in the county, the first three million five
- 35 hundred thousand dollars (\$3,500,000) of the tax revenue that
- 36 results each year from the allocation increase shall be used by the
- 37 county only to make the county's transfer required by
- 38 IC 36-7.5-4-2 and shall be paid by the county treasurer to the
- 39 treasurer of the northwest Indiana regional development authority
- 40 under IC 36-7.5-4-2 before certified distributions are made to the
- 41 county or any cities or towns in the county.
- 42 (3) All of the additional revenue allocated for economic



1 development purposes under IC 6-3.6-6-9 that results each year
 2 from an allocation increase described in subdivision (2) and that
 3 is in excess of the first three million five hundred thousand dollars
 4 (\$3,500,000) must be used by the county and cities and towns in
 5 the county for homestead credits under this subsection. The
 6 following apply to homestead credits provided under this
 7 subsection:

8 (A) The homestead credits must be applied uniformly to
 9 provide a homestead credit for homesteads in the county, city,
 10 or town.

11 (B) The homestead credits shall be treated for all purposes as
 12 property tax levies.

13 (C) The homestead credits shall be applied to the net property
 14 taxes due on the homestead after the application of all other
 15 assessed value deductions or property tax deductions and
 16 credits that apply to the amount owed under IC 6-1.1.

17 (D) The auditor of state shall determine the homestead credit
 18 percentage for a particular year based on the amount of
 19 additional revenue that will be used under this subdivision to
 20 provide homestead credits in that year.

21 (d) This subsection applies only to Porter County. The additional
 22 revenue designated each year for economic development purposes
 23 under IC 6-3.6-6 shall be allocated and used as follows:

24 (1) First, the revenue attributable to an income tax rate of
 25 twenty-five hundredths percent (0.25%) shall be allocated to the
 26 county and cities and towns as provided in IC 6-3.6-6-9.

27 (2) Second, the next three million five hundred thousand dollars
 28 (\$3,500,000) of the revenue shall be used for the county or for
 29 eligible municipalities (as defined in IC 36-7.5-1-11.3) in the
 30 county, to make transfers as provided in and required under
 31 IC 36-7.5-4-2. This amount shall be paid by the county treasurer
 32 to the treasurer of the northwest Indiana regional development
 33 authority under IC 36-7.5-4-2. If Porter County ceases to be a
 34 member of the northwest Indiana regional development authority
 35 under IC 36-7.5 but two (2) or more municipalities in the county
 36 have become members of the northwest Indiana regional
 37 development authority as authorized by IC 36-7.5-2-3(i), the
 38 county treasurer shall continue to transfer this amount to the
 39 treasurer of the northwest Indiana regional development authority
 40 under IC 36-7.5-4-2.

41 (3) Third, except as provided in IC 36-7.5-3-5, all of the revenue
 42 each year that is in excess of the amounts described in



1 subdivisions (1) and (2) must be used by the county and cities and
 2 towns in the county for homestead credits. The following apply to
 3 homestead credits provided under this subdivision:

4 (A) The homestead credits must be applied uniformly to
 5 provide a homestead credit for homesteads in the county, city,
 6 or town.

7 (B) The homestead credits shall be treated for all purposes as
 8 property tax levies.

9 (C) The homestead credits shall be applied to the net property
 10 taxes due on the homestead after the application of all other
 11 assessed value deductions or property tax deductions and
 12 credits that apply to the amount owed under IC 6-1.1.

13 (D) The auditor of state shall determine the homestead credit
 14 percentage for a particular year based on the amount of
 15 additional revenue that will be used under this subdivision to
 16 provide homestead credits in that year.

17 SECTION 2. IC 36-7.5-4-1, AS AMENDED BY P.L.197-2016,
 18 SECTION 142, IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE JULY 1, 2017]: Sec. 1. (a) The development board shall
 20 establish and administer a development authority fund.

21 (b) The development authority fund consists of the following:

22 (1) Riverboat admissions tax revenue, riverboat wagering tax
 23 revenue, or riverboat incentive payments received by a city or
 24 county described in IC 36-7.5-2-3(b) and transferred by the
 25 county or city to the fund.

26 (2) Local income tax revenue dedicated to economic development
 27 purposes by a county or city and transferred by the county or city
 28 to the fund.

29 (3) Amounts distributed under IC 8-15-2-14.7.

30 (4) Food and beverage tax revenue deposited in the fund under
 31 IC 6-9-36-8.

32 (5) Funds received from the federal government.

33 (6) Appropriations to the fund by the general assembly.

34 (7) Other local revenue appropriated to the fund by a political
 35 subdivision.

36 **(8) Amounts transferred to the fund under IC 36-7.5-4.5.**

37 ~~(8)~~ **(9)** Gifts, donations, and grants to the fund.

38 (c) The development authority shall establish a development
 39 authority fund. The development board shall establish and administer
 40 a general account, a lease rental account, and such other accounts in the
 41 fund as are necessary or appropriate to carry out the powers and duties
 42 of the development authority. Except as otherwise provided by law or



1 agreement with holders of any obligations of the development
 2 authority, all money transferred to the development authority fund
 3 under subsection (b)(1), (b)(2), and (b)(4) shall be deposited in the
 4 lease rental account and used only for the payment of or to secure the
 5 payment of obligations of an eligible political subdivision under a lease
 6 entered into by an eligible political subdivision and the development
 7 authority under this chapter. However, any money deposited in the
 8 lease rental account and not used for the purposes of this subsection
 9 shall be returned by the treasurer of the development authority to the
 10 respective counties and cities that contributed the money to the
 11 development authority.

12 (d) If the amount of money transferred to the development authority
 13 fund under subsection (b)(1), (b)(2), and (b)(4) for deposit in the lease
 14 rental account in any one (1) calendar year is greater than an amount
 15 equal to:

- 16 (1) one and twenty-five hundredths (1.25); multiplied by
- 17 (2) the total of the highest annual debt service on any bonds then
- 18 outstanding to their final maturity date, which have been issued
- 19 under this article and are not secured by a lease, plus the highest
- 20 annual lease payments on any leases to their final maturity, which
- 21 are then in effect under this article;

22 all or a portion of the excess may instead be deposited in the general
 23 account.

24 (e) Except as otherwise provided by law or agreement with the
 25 holders of obligations of the development authority, all other money
 26 and revenues of the development authority may be deposited in the
 27 general account or the lease rental account at the discretion of the
 28 development board. Money on deposit in the lease rental account may
 29 be used only to make rental payments on leases entered into by the
 30 development authority under this article. Money on deposit in the
 31 general account may be used for any purpose authorized by this article.

32 (f) The development authority fund shall be administered by the
 33 development authority.

34 (g) Money in the development authority fund shall be used by the
 35 development authority to carry out this article and does not revert to
 36 any other fund.

37 SECTION 3. IC 36-7.5-4.5 IS ADDED TO THE INDIANA CODE
 38 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2017]:

40 **Chapter 4.5. Rail Transit Development Corridor**

41 **Sec. 1. As used in this chapter, "budget agency" means the**
 42 **budget agency established by IC 4-12-1-3.**



1 **Sec. 2.** As used in this chapter, "budget committee" means the
2 budget committee established by IC 4-12-1-3.

3 **Sec. 3.** As used in this chapter, "corridor" means the geographic
4 area established as a rail transit development corridor by this
5 chapter.

6 **Sec. 4.** As used in this chapter, "department" refers to the
7 department of state revenue.

8 **Sec. 5.** As used in this chapter, "gross retail base period
9 amount" means the aggregate amount of state gross retail and use
10 taxes remitted under IC 6-2.5 by a taxpayer during the full
11 calendar year of 2015 with respect to the taxpayer's operations in
12 the corridor.

13 **Sec. 6.** As used in this chapter, "gross retail incremental
14 amount" means fifty percent (50%) of the remainder of:

- 15 (1) the aggregate amount of state gross retail and use taxes
16 that are remitted under IC 6-2.5 by a taxpayer during a
17 calendar year with respect to the taxpayer's operations in the
18 corridor; minus
- 19 (2) the gross retail base period amount.

20 **Sec. 7.** As used in this chapter, "project" includes only projects
21 that benefit the corridor.

22 **Sec. 8. (a)** There is created a rail transit development corridor
23 that consists of the geographic area that is within five-tenths (0.5)
24 of a mile of the following rail lines that are a part of the Chicago,
25 South Shore, and South Bend Railway:

- 26 (1) The Chicago to South Bend line.
- 27 (2) The Hammond to Dyer line.
- 28 (b) The corridor terminates December 31, 2046.

29 **Sec. 9. (a)** The development board may undertake a project that
30 is in the:

- 31 (1) West Lake corridor improvement project; or
- 32 (2) main line double tracking project;

33 using revenue received under this chapter by adopting an
34 authorizing resolution under IC 36-7.5-3. The authorizing
35 resolution shall be transmitted to the budget agency for approval
36 and must include a map of the rail transit development corridor
37 along with the list required under section 13 of this chapter. The
38 budget agency shall review, and may amend if necessary, the rail
39 transit development corridor map or list as necessary to comply
40 with this chapter.

41 (b) To receive revenue under this chapter, the development
42 board must adopt a resolution under IC 36-7.5-3 setting forth the



1 development board's approval of a project, or projects, to be
2 funded using the revenue. The resolution must identify the eligible
3 municipality or eligible political subdivision that has made a
4 commitment to a matching contribution, including a description of
5 the commitment, to the project. Upon adoption by the development
6 board of such a resolution, the development board shall submit the
7 project resolution to the budget agency.

8 (c) The budget agency, after review by the budget committee,
9 shall approve a project included in the resolution if the budget
10 agency finds that the project is economically sound and will benefit
11 the people of northwest Indiana by protecting or increasing state
12 and local tax bases and tax revenues for at least the duration of the
13 corridor.

14 **Sec. 10. (a)** If an authorizing resolution and a project have both
15 been approved by the budget agency, the development authority
16 shall establish a rail transit development corridor fund. The fund
17 shall be administered by the development authority.

18 (b) The development authority shall deposit amounts received
19 under this chapter in the fund.

20 (c) The development board may use the money in the fund for
21 making matching grants, including in the form of financing, for a
22 project approved by the budget agency. For an approved project,
23 the development board shall use the money in the fund to make
24 dollar for dollar matching grants to any eligible municipality or
25 eligible political subdivision that participates through the
26 commitment of a matching contribution to the project.

27 (d) Any money in the fund at the expiration of the corridor shall
28 be transferred to grant recipients based on the recipient's share of
29 the total matching contributions made by the recipient minus
30 grants received by the recipient.

31 (e) On the date that all bonds issued by the development
32 authority using revenues under this chapter are no longer
33 considered outstanding and all expenses incurred by the
34 development authority in connection with the exercise of the
35 development authority's duties and obligations set forth in this
36 chapter have been paid, all money remaining on deposit in the fund
37 shall be transferred to the development authority fund established
38 under IC 36-7.5-4-1.

39 **Sec. 11. (a)** Before the first business day in November of each
40 year, beginning in 2018, the department shall determine the gross
41 retail incremental amount for the preceding calendar year and
42 notify the development authority and the budget agency of the



1 gross retail incremental amount.

2 (b) The auditor of state shall disburse the gross retail increment
3 amount for the preceding year to the development authority before
4 November 30 of each year.

5 Sec. 12. All expenses incurred in carrying out the provisions of
6 this chapter shall be payable solely from revenue received under
7 this chapter or from the proceeds of bonds issued by the
8 development authority payable from revenues received under this
9 chapter. A liability or obligation may not be incurred by the
10 development authority beyond the revenue to be received under
11 this chapter.

12 Sec. 13. (a) The development authority shall provide to the
13 department, in an electronic format approved by the department,
14 a complete list of the following:

15 (1) Vendors with a responsibility to remit gross retail taxes in
16 the transit development corridor.

17 (2) Street names and the range of street numbers of each
18 street in the transit development corridor.

19 The development authority shall update the list prepared under
20 this subsection before July 1 of each year.

21 (b) Vendors operating in the district shall report, in the manner
22 and in the form prescribed by the department, information that the
23 department determines necessary to calculate incremental gross
24 retail and use taxes.

25 (c) At the request of the department, the development authority
26 and any political subdivision in which all or a part of the transit
27 development corridor is located shall disclose to the department
28 the names of the vendors described in subsection (a) and such other
29 information that may assist in the determination of the gross retail
30 incremental amounts.

31 (d) At the request of the department, a political subdivision in
32 which the corridor is located shall provide to the department
33 information requested by the department concerning permits
34 issued by the political subdivision to vendors operating within the
35 corridor.

36 (e) If the department is unable to determine the extent to which
37 taxes remitted by a taxpayer are gross retail incremental amounts
38 for purposes of this chapter, the department shall use the best
39 information available in calculating the incremental amounts.

40 (f) The department shall adopt guidelines to govern its
41 responsibilities under this chapter.

42 (g) It is the intent of this section to identify all gross retail and



1 use taxes collected in the corridor. This section shall be broadly
2 construed by the department to achieve the purposes of this
3 chapter.

4 **Sec. 14. The office of management and budget shall, before**
5 **November 1, 2030, do the following:**

6 **(1) Conduct a review of:**

7 **(A) the financed and grant projects undertaken under this**
8 **chapter;**

9 **(B) the amount of the gross retail incremental amounts**
10 **remitted for purposes of this chapter; and**

11 **(C) the amount and terms of outstanding debt issued by the**
12 **authority under this chapter.**

13 **(2) Submit a copy of the review conducted under subdivision**
14 **(1) to the budget committee and to the legislative council in an**
15 **electronic format under IC 5-14-6.**

