



February 3, 2017

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## HOUSE BILL No. 1155

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DIGEST OF HB 1155 (Updated February 2, 2017 9:14 am - DI 84)

**Citations Affected:** IC 36-7.

**Synopsis:** Community revitalization enhancement districts. Permits a second class city that meets certain conditions to establish a community revitalization enhancement district consisting of noncontiguous plots.

**Effective:** July 1, 2017.

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January 9, 2017, read first time and referred to Committee on Local Government.  
February 2, 2017, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

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HB 1155—LS 7222/DI 51





February 3, 2017

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. 1155

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A BILL FOR AN ACT to amend the Indiana Code concerning local government.

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

1 SECTION 1. IC 36-7-13-10.1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 10.1. (a) This section  
3 applies to a:  
4 (1) first class city; or  
5 (2) second class city.  
6 (b) After approval by ordinance or resolution of the legislative body  
7 of a city described in subsection (a), the executive of the city may  
8 submit an application to an advisory commission on industrial  
9 development requesting that one (1) area within the city be designated  
10 as a district under section 12.1 of this chapter. However, the total  
11 number of districts designated in a city under this chapter after June 30,  
12 2003, (excluding districts designated before July 1, 2003) may not  
13 exceed one (1). **A district for an area that meets the qualifications**  
14 **of sections 12.1 and 12.3(b)(2) of this chapter may consist of**  
15 **noncontiguous plots located entirely within the boundaries of the**  
16 **city.**  
17 SECTION 2. IC 36-7-13-11 IS AMENDED TO READ AS

HB 1155—LS 7222/DI 51



1 FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 11. If a municipal or  
 2 county executive submits an application requesting an area to be  
 3 designated as a district under this chapter, the advisory commission on  
 4 industrial development shall do the following:

5 (1) Compile information necessary to make a determination  
 6 concerning whether the area meets the conditions necessary for  
 7 designation as a district.

8 (2) Prepare maps showing the boundaries of the proposed district.

9 (3) Prepare a plan describing the ways in which the development  
 10 obstacles described in section 12(b)(3), 12(c), 12(d), 12(e), or  
 11 12.1(a) of this chapter in the proposed district will be addressed.

12 **A district for an area that meets the requirements in sections 12.1**  
 13 **and 12.3(b)(2) of this chapter may consist of noncontiguous plots**  
 14 **located entirely within the boundaries of the city.**

15 SECTION 3. IC 36-7-13-12.1, AS AMENDED BY P.L.199-2005,  
 16 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2017]: Sec. 12.1. (a) If the executive of a city described in  
 18 section 10.1(a) of this chapter has submitted an application to an  
 19 advisory commission on industrial development requesting that an area  
 20 be designated as a district under this chapter and the advisory  
 21 commission has compiled and prepared the information required under  
 22 section 11 of this chapter concerning the area, the advisory commission  
 23 may adopt a resolution designating the area as a district if it finds the  
 24 following:

25 (1) That the redevelopment of the area in the district will:

26 (A) promote significant opportunities for the gainful  
 27 employment of its citizens;

28 (B) attract a major new business enterprise to the area; or

29 (C) retain or expand a significant business enterprise within  
 30 the area.

31 (2) That there are significant obstacles to redevelopment of the  
 32 area due to any of the following problems:

33 (A) Obsolete or inefficient buildings.

34 (B) Aging infrastructure or ineffective utility services.

35 (C) Utility relocation requirements.

36 (D) Transportation or access problems.

37 (E) Topographical obstacles to redevelopment.

38 (F) Environmental contamination.

39 (G) Lack of development or cessation of growth.

40 (H) Deterioration of improvements or character of occupancy,  
 41 age, obsolescence, or substandard buildings.

42 (I) Other factors that have impaired values or prevent a normal



1 development of property or use of property.  
 2 **A district for an area that meets the requirements in this section**  
 3 **and section 12.3(b)(2) of this chapter may consist of noncontiguous**  
 4 **plots located entirely within the boundaries of the city.**

5 (b) To address the obstacles identified in subsection (a)(2), the city  
 6 may make expenditures for:

- 7 (1) the acquisition of land;
- 8 (2) interests in land;
- 9 (3) site improvements;
- 10 (4) infrastructure improvements;
- 11 (5) buildings;
- 12 (6) structures;
- 13 (7) rehabilitation, renovation, and enlargement of buildings and
- 14 structures;
- 15 (8) machinery;
- 16 (9) equipment;
- 17 (10) furnishings;
- 18 (11) facilities;
- 19 (12) administration expenses associated with such a project;
- 20 (13) operating expenses; or
- 21 (14) substance removal or remedial action to the area.

22 (c) In addition to the findings described in subsection (a), an  
 23 advisory commission must also find that the city described in section  
 24 10.1(a) of this chapter has expended, appropriated, pooled, set aside,  
 25 or pledged at least two hundred fifty thousand dollars (\$250,000) for  
 26 purposes of addressing the redevelopment obstacles described in  
 27 subsection (a)(2).

28 (d) The advisory commission shall designate the duration of the  
 29 district. However, a district must terminate not later than fifteen (15)  
 30 years after the income tax incremental amount or gross retail  
 31 incremental amount is first allocated to the district under this chapter.

32 (e) Upon adoption of a resolution designating a district, the advisory  
 33 commission shall:

- 34 (1) publish notice of the adoption and substance of the resolution  
 35 in accordance with IC 5-3-1; and
- 36 (2) file the following information with each taxing unit in the  
 37 county where the district is located:
  - 38 (A) A copy of the notice required by subdivision (1).
  - 39 (B) A statement disclosing the impact of the district, including  
 40 the following:
    - 41 (i) The estimated economic benefits and costs incurred by  
 42 the district, as measured by increased employment and



1 anticipated growth of property assessed values.

2 (ii) The anticipated impact on tax revenues of each taxing  
3 unit.

4 The notice must state the general boundaries of the district.

5 (f) Upon completion of the actions required by subsection (e), the  
6 advisory commission shall submit the resolution to the budget  
7 committee for review and recommendation to the budget agency. If the  
8 budget agency fails to take action on a resolution designating a district  
9 within one hundred twenty (120) days after the date that the resolution  
10 is submitted to the budget committee, the designation of the district by  
11 the resolution is considered approved.

12 (g) When considering a resolution, the budget committee and the  
13 budget agency must make the following findings:

14 (1) The area to be designated as a district meets the conditions  
15 necessary for designation as a district.

16 (2) The designation of the district will benefit the people of  
17 Indiana by protecting or increasing state and local tax bases and  
18 tax revenues for at least the duration of the district.

19 (h) The income tax incremental amount and the gross retail  
20 incremental amount may not be allocated to the district until the  
21 resolution is approved under this section.

22 SECTION 4. IC 36-7-13-12.3, AS ADDED BY P.L.172-2011,  
23 SECTION 144, IS AMENDED TO READ AS FOLLOWS  
24 [EFFECTIVE JULY 1, 2017]: Sec. 12.3. (a) Notwithstanding any other  
25 provision of this chapter, the designation of any district after December  
26 31, 2010, is subject to the requirements of this section.

27 (b) An advisory commission on industrial development may not  
28 designate a district under section 12 or 12.1 of this chapter unless the  
29 advisory commission makes the following findings of fact **under**  
30 **subdivision (1) or (2):**

31 (1) That:

32 **(A)** the county or municipality applying for the designation  
33 satisfies each of the following requirements:

34 ~~(A)~~ **(i)** That, as reported by the Indiana Real Estate Markets  
35 Report, the average selling price of homes located in the  
36 county or municipality has declined by at least fourteen  
37 percent (14%) over a one (1) year period occurring within  
38 the four (4) calendar years preceding the calendar year in  
39 which the application of the county or municipality is filed  
40 with the advisory commission on industrial development.

41 ~~(B)~~ **(ii)** That, as reported by the Indiana department of  
42 workforce development, the unemployment rate of the



1 county or municipality was at least ten and four-tenths  
 2 percent (10.4%) for any calendar month occurring in the  
 3 calendar year preceding the calendar year in which the  
 4 application of the county or municipality is filed with the  
 5 advisory commission on industrial development.

6 ~~(2)~~ **(B)** That the proposed district contains a site that is suitable  
 7 for revitalization under this chapter and satisfies the following  
 8 requirements:

9 ~~(A)~~ **(i)** The site contains a vacated industrial building  
 10 consisting of at least one million three hundred thousand  
 11 (1,300,000) square feet of space.

12 ~~(B)~~ **(ii)** The vacated industrial building described by clause  
 13 (A) contains at least eighty thousand (80,000) square feet of  
 14 office space.

15 ~~(C)~~ **(iii)** The site contains a reinforced concrete pad suitable  
 16 for expanding the vacated industrial building by at least two  
 17 hundred thousand (200,000) square feet.

18 ~~(D)~~ **(iv)** The site is serviced by a water treatment facility  
 19 capable of treating all of the effluent discharged from the  
 20 site.

21 ~~(E)~~ **(v)** The site consists of at least one hundred twenty (120)  
 22 acres of land.

23 **(2) That:**

24 **(A) the unit applying for the designation is a second class**  
 25 **city;**

26 **(B) the municipality is applying for the designation under**  
 27 **section 12.1 of this chapter; and**

28 **(C) the applying municipality meets at least two (2) of the**  
 29 **following criteria:**

30 **(i) At least twenty-five percent (25%) of the jobs in the**  
 31 **municipality are manufacturing related jobs.**

32 **(ii) The municipality has a workforce shortage, as**  
 33 **documented through a combination of job openings,**  
 34 **average or median length of time to fill job openings, and**  
 35 **number of commuters from outside the municipality.**

36 **(iii) The population of the municipality, as determined by**  
 37 **the 2010 federal decennial census, was less than the**  
 38 **population of the municipality, as determined by the**  
 39 **2000 federal decennial census.**

40 **(iv) The median age of housing units in the municipality**  
 41 **is at least fifty (50) years.**

42 **(v) The municipality has a housing unit vacancy rate of**



1                   **at least ten percent (10%).**

2                   **(vi) Building permits in the municipality for new market**  
 3                   **rate single family houses has averaged less than ten (10)**  
 4                   **housing units per calendar year in the last five (5)**  
 5                   **calendar years.**

6                   (c) The legislative body of a county or municipality may not adopt  
 7                   an ordinance designating a district under section 10.5 of this chapter  
 8                   unless the legislative body makes the following findings of fact:

9                   (1) That the county or municipality governed by the legislative  
 10                  body satisfies each of the following requirements:

11                  (A) That, as reported by the Indiana Real Estate Markets  
 12                  Report, the average selling price of homes located in the  
 13                  county or municipality has declined by at least fourteen  
 14                  percent (14%) over a one (1) year period occurring within the  
 15                  four (4) calendar years preceding the calendar year in which  
 16                  the proposed ordinance is adopted.

17                  (B) That, as reported by the Indiana department of workforce  
 18                  development, the unemployment rate of the county or  
 19                  municipality was at least ten and four-tenths percent (10.4%)  
 20                  for any calendar month occurring in the calendar year  
 21                  preceding the calendar year in which the proposed ordinance  
 22                  is adopted.

23                  (2) That the proposed district contains a site that is suitable for  
 24                  revitalization under this chapter and satisfies the following  
 25                  requirements:

26                  (A) The site contains a vacated industrial building consisting  
 27                  of at least one million three hundred thousand (1,300,000)  
 28                  square feet of space.

29                  (B) The vacated industrial building described by clause (A)  
 30                  contains at least eighty thousand (80,000) square feet of office  
 31                  space.

32                  (C) The site contains a reinforced concrete pad suitable for  
 33                  expanding the vacated industrial building by at least two  
 34                  hundred thousand (200,000) square feet.

35                  (D) The site is serviced by a water treatment facility capable  
 36                  of treating all of the effluent discharged from the site.

37                  (E) The site consists of at least one hundred twenty (120) acres  
 38                  of land.

39                  (d) An advisory commission on industrial development or a  
 40                  legislative body that designates a district under this chapter shall  
 41                  include a copy of the findings made under subsection (b) or (c) when  
 42                  sending a copy of the resolution or ordinance designating the district





1 to the budget agency for its approval.

2 (e) The budget agency may not approve the designation of a district  
3 until the budget agency confirms the findings of fact submitted under  
4 this section. If a resolution or ordinance is submitted to the budget  
5 agency without the findings of fact required by this section, the time in  
6 which the budget agency must take action on the resolution or  
7 ordinance as set forth in sections 10.5, 12, and 12.1 of this chapter is  
8 tolled until the findings of fact are submitted to the budget agency.

9 SECTION 5. IC 36-7-13-15, AS AMENDED BY P.L.172-2011,  
10 SECTION 146, IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2017]: Sec. 15. (a) If an advisory commission  
12 on industrial development designates a district under this chapter or the  
13 legislative body of a county or municipality adopts an ordinance  
14 designating a district under section 10.5 of this chapter, the treasurer  
15 of state shall establish an incremental tax financing fund for the  
16 district. The fund shall be administered by the treasurer of state. Money  
17 in the fund does not revert to the state general fund at the end of a state  
18 fiscal year.

19 (b) Subject to subsection (c), the following amounts shall be  
20 deposited during each state fiscal year in the incremental tax financing  
21 fund established for the district under subsection (a):

22 (1) The aggregate amount of state gross retail and use taxes that  
23 are remitted under IC 6-2.5 by businesses operating in the district,  
24 until the amount of state gross retail and use taxes deposited  
25 equals the gross retail incremental amount for the district.

26 (2) The aggregate amount of state and local income taxes paid by  
27 employees employed in the district with respect to wages earned  
28 for work in the district, until the amount of state and local income  
29 taxes deposited equals the income tax incremental amount.

30 (c) Except as provided in subsection (e), the aggregate amount of  
31 revenues that is:

32 (1) attributable to:

33 (A) the state gross retail and use taxes established under  
34 IC 6-2.5; and

35 (B) the adjusted gross income tax established under IC 6-3-1  
36 through IC 6-3-7; and

37 (2) deposited during any state fiscal year in each incremental tax  
38 financing fund established for a district;

39 may not exceed one million dollars (\$1,000,000) per district designated  
40 under section 10.5 or 12 of this chapter and seven hundred fifty  
41 thousand dollars (\$750,000) per district for a district designated under  
42 section 10.1 or 12.1 of this chapter.

**HB 1155—LS 7222/DI 51**



1 (d) On or before the twentieth day of each month, all amounts held  
 2 in the incremental tax financing fund established for a district shall be  
 3 distributed to the district's advisory commission on industrial  
 4 development for deposit in the industrial development fund of the unit  
 5 that requested designation of the district.

6 (e) The aggregate amount of revenues that is:

7 (1) attributable to:

8 (A) the state gross retail and use taxes established under  
 9 IC 6-2.5; and

10 (B) the adjusted gross income tax established under IC 6-3-1  
 11 through IC 6-3-7; and

12 (2) deposited during any state fiscal year in the incremental tax  
 13 financing funds established for the districts located in Delaware  
 14 County;

15 may not exceed two million dollars (\$2,000,000).

16 **(f) The aggregate amount of revenues that is:**

17 **(1) attributable to:**

18 **(A) the state gross retail and use taxes established under**  
 19 **IC 6-2.5; and**

20 **(B) the adjusted gross income tax established under**  
 21 **IC 6-3-1 through IC 6-3-7; and**

22 **(2) deposited during any state fiscal year in the incremental**  
 23 **tax financing funds established for a district for an area that**  
 24 **meets the qualifications of sections 12.1 and 12.3(b)(2) of this**  
 25 **chapter;**

26 may not exceed five million dollars (\$5,000,000).



COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1155, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1155 as introduced.)

ZENT

Committee Vote: Yeas 12, Nays 0

