HOUSE BILL No. 1207

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-39.

Synopsis: Main street downtown redevelopment districts. Provides that a city or town having a population that does not exceed 20,000 (eligible municipality) may establish a main street downtown redevelopment district (district) within the eligible municipality for the purpose of capturing sales tax collected by businesses located in the district. Provides that the sales tax increment distributed to each eligible municipality that establishes a district may be used to pay for improvements in the district or the financing of improvements in the district.

Effective: July 1, 2017.

Arnold L

January 10, 2017, read first time and referred to Committee on Government and Regulatory Reform.

HOUSE BILL No. 1207

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 36-7-39 IS ADDED TO THE INDIANA CODE AS
2   A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3   1, 2017]:
4   **Chapter 39. Main Street Downtown Redevelopment Districts**
5   **Sec. 1. The following definitions apply throughout this chapter:**
6   **(1) "Adopting municipality" means an eligible municipality**
7   **that has designated a district under section 2 of this chapter.**
8   **(2) "Department" refers to the department of state revenue.**
9   **(3) "District" refers to a main street downtown**
10   **redevelopment district designated under section 2 of this**
11   **chapter.**
12   **(4) "Eligible municipality" means a municipality (as defined**
13   **in IC 36-1-2-11) having a population that does not exceed**
14   **twenty thousand (20,000).**
15   **(5) "Gross retail base period amount" of a district means the**
16   **aggregate amount of state gross retail and use taxes remitted**
17   **under IC 6-2.5 by the businesses operating in a district during**

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1        the full state fiscal year that precedes the date on which the
2        district is designated under section 2 of this chapter.
3          (6) "Gross retail incremental amount" of a district means the
4        remainder of:
5            (A) the aggregate amount of state gross retail and use taxes
6            that are remitted under IC 6-2.5 by businesses operating in
7            the district during a state fiscal year; minus
8            (B) the gross retail base period amount;
9          as determined by the department.
10       Sec. 2. (a) Subject to section 3 of this chapter, the fiscal body of
11     an eligible municipality may adopt an ordinance that designates an
12     area within the territory of the municipality that is known as the
13     main street downtown redevelopment district of the eligible
14     municipality.
15       (b) An ordinance adopted under subsection (a) must set forth
16     the boundaries of the district.
17       (c) A district established under this section expires on the earlier
18     of:
19          (1) the expiration date specified in the ordinance adopted
20          under this section; or
21          (2) the twenty-fifth anniversary of the effective date of the
22          ordinance.
23       (d) An eligible municipality may establish a district under this
24     section only once.
25       Sec. 3. A district designated under this chapter by an eligible
26     municipality is subject to the following restrictions:
27          (1) The district must be a contiguous area within the territory
28          of the eligible municipality.
29          (2) The perimeter of the district may not exceed one (1) mile.
30       Sec. 4. (a) Subject to sections 3 and 6 of this chapter, the fiscal
31     body of an adopting municipality may adopt an ordinance to
32     change the boundaries of an existing district.
33       (b) An ordinance adopted under subsection (a) must specify the
34     revised district boundaries after the ordinance becomes effective.
35       Sec. 5. Subject to section 6 of this chapter, the fiscal body of an
36     adopting municipality may adopt an ordinance to abolish an
37     existing district.
38       Sec. 6. The fiscal body of an adopting municipality may not
39     abolish or amend the boundaries of a district established under this
40     chapter if:
41          (1) the adopting municipality has pledged revenue received
42          under section 9 of this chapter for the payment of bonds
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1　　　issued or leases entered into for the purpose described in
2　　　section 10(b)(1) of this chapter; and
3　　　　(2) the action would jeopardize the payments required under
4　　　　the bond indentures or lease agreements.
5　　Sec. 7. If the fiscal body of an eligible municipality adopts an
6　ordinance under this chapter, the fiscal officer of the eligible
7　municipality shall promptly transmit a copy of the ordinance to the
8　department in the manner prescribed by the department.
9　　Sec. 8. (a) Before the first business day in October of each year,
10　the department shall calculate the gross retail incremental amount
11　for the preceding state fiscal year for each district designated
12　under this chapter.
13　　(b) Taxpayers operating in a district shall report annually, in
14　the manner and in the form prescribed by the department,
15　information that the department determines necessary to calculate
16　the net increment.
17　　(c) A taxpayer operating in a district that files a consolidated tax
18　return with the department also shall file annually an
19　informational return with the department for each business
20　location of the taxpayer within the district.
21　　(d) If a taxpayer fails to report the information required by this
22　section or file an informational return required by this section, the
23　department shall use the best information available in calculating
24　the gross retail incremental amount.
25　　Sec. 9. (a) The treasurer of state shall establish an incremental
26　tax financing fund for each district designated under this chapter.
27　The fund shall be administered by the treasurer of state. Money in
28　the fund does not revert to the state general fund at the end of a
29　state fiscal year.
30　　(b) The aggregate amount of state gross retail and use taxes that
31　are remitted under IC 6-2.5 by businesses operating in the district
32　shall be deposited during each state fiscal year in the incremental
33　tax financing fund established for a district under subsection (a)
34　until the amount of state gross retail and use taxes deposited equals
35　the gross retail incremental amount for the district.
36　　(c) On or before the twentieth day of each month, all amounts
37　held in the incremental tax financing fund established for a district
38　shall be distributed to the fiscal officer of the adopting municipality
39　that established the district for deposit in the district fund
40　established under section 10 of this chapter.
41　　Sec. 10. (a) The fiscal officer of an adopting municipality shall
42　establish a district fund to receive money distributed to the

1   **adopting municipality under section 9 of this chapter.**
2   **(b) Money deposited in the district fund may be used by the**
3   **adopting municipality for any of the following:**
4   **(1) Improvements in the district.**
5   **(2) Payments of principal, interest, and other financing**
6   **expenses for bonds issued to pay for items described in**
7   **subdivision (1).**
8   **(3) Lease rental payments on leases entered into with respect**
9   **to items described in subdivision (1).**