

HOUSE BILL No. 1330

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-31.3.

Synopsis: Professional sports development areas. Allows the city of Terre Haute to establish a professional sports development area, subject to review by the budget committee and approval by the budget agency. Specifies the facilities that would be included in the area. Provides that up to \$5 million per year of state sales tax revenue attributable to the operation of facilities in the area shall be distributed to the city of Terre Haute and used to construct or equip a convention center or a facility that is used or will be used principally for convention or tourism related events serving national or regional markets (including the financing of such a capital improvement or lease payments for such a capital improvement). Provides that if a tax area is established in the city of Terre Haute, a development area oversight board (board) is established. Specifies the membership of the board and the powers and duties of the board. Provides that in addition to any other required approvals, the following are also subject to approval by the board: (1) The use and distribution of any taxes distributed to the tax area. (2) The issuance of any bonds or the entering into of any lease for which taxes distributed to the tax area have been pledged. Extends the expiration of the law governing professional sports development areas from December 31, 2027, to December 31, 2046.

Effective: July 1, 2014.

Heaton, Morrison, Kersey, Battles

January 15, 2014, read first time and referred to Committee on Ways and Means.



Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1330

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

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

- 1 SECTION 1. IC 36-7-31.3-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. **(a) Except as**
3 **provided in subsection (b)**, as used in this chapter, "covered taxes"
4 means the part of the following taxes attributable to the operation of a
5 facility designated as part of a tax area under section 8 of this chapter:
6 (1) The state gross retail tax imposed under IC 6-2.5-2-1 or use
7 tax imposed under IC 6-2.5-3-2.
8 (2) An adjusted gross income tax imposed under IC 6-3-2-1 on an
9 individual.
10 (3) A county option income tax imposed under IC 6-3.5.
11 (4) Except in a county having a population of more than three
12 hundred thousand (300,000) but less than four hundred thousand
13 (400,000), a food and beverage tax imposed under IC 6-9.
14 **(b) In the case of a tax area established in the city of Terre**
15 **Haute, the term means only the part of the state gross retail tax**
16 **imposed under IC 6-2.5-2-1 attributable to the operation of a**



1 **facility designated in section 8(e) of this chapter as part of a tax**
 2 **area.**

3 SECTION 2. IC 36-7-31.3-8, AS AMENDED BY P.L.119-2012,
 4 SECTION 210, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE JULY 1, 2014]: Sec. 8. (a) **Except as provided in**
 6 **subsection (e)**, a designating body may designate as part of a
 7 professional sports and convention development area any facility that
 8 is:

9 (1) owned by the city, the county, a school corporation, or a board
 10 under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and
 11 used by a professional sports franchise for practice or competitive
 12 sporting events;

13 (2) owned by the city, the county, or a board under IC 36-9-13,
 14 IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used as one (1) of
 15 the following:

16 (A) A facility used principally for convention or tourism
 17 related events serving national or regional markets.

18 (B) An airport.

19 (C) A museum.

20 (D) A zoo.

21 (E) A facility used for public attractions of national
 22 significance.

23 (F) A performing arts venue.

24 (G) A county courthouse registered on the National Register
 25 of Historic Places; or

26 (3) a hotel.

27 Notwithstanding section 9 of this chapter or any other law, a
 28 designating body may by resolution approve the expansion of a
 29 professional sports and convention development area after June 30,
 30 2009, to include a hotel designated by the designating body. A
 31 resolution for such an expansion must be reviewed by the budget
 32 committee and approved by the budget agency in the same manner as
 33 a resolution establishing a professional sports and convention
 34 development area is reviewed and approved. A facility may not include
 35 a private golf course or related improvements. The tax area may
 36 include only facilities described in this section and any parcel of land
 37 on which a facility is located. An area may contain noncontiguous
 38 tracts of land within the city, county, or school corporation.

39 (b) Except for a tax area that:

40 (1) is located in a city having a population of:

41 (1) more than one hundred fifty thousand (150,000) but less
 42 than five hundred thousand (500,000); or



1 (2) more than eighty thousand (80,000) but less than eighty
 2 thousand four hundred (80,400); **or**
 3 **(2) is located in the city of Terre Haute;**
 4 a tax area must include at least one (1) facility described in subsection
 5 (a)(1).

6 (c) **Except as provided in subsection (e)**, a tax area may contain
 7 other facilities not owned by the designating body if:

8 (1) the facility is owned by a city, the county, a school
 9 corporation, or a board established under IC 36-9-13, IC 36-10-8,
 10 IC 36-10-10, or IC 36-10-11; and

11 (2) an agreement exists between the designating body and the
 12 owner of the facility specifying the distribution and uses of the
 13 covered taxes to be allocated under this chapter.

14 (d) This subsection applies to all tax areas located in a county
 15 having a population of more than three hundred thousand (300,000) but
 16 less than four hundred thousand (400,000). The facilities located at an
 17 Indiana University-Purdue University regional campus are added to the
 18 tax area designated by the county. The maximum amount of covered
 19 taxes that may be captured in all tax areas located in the county is three
 20 million dollars (\$3,000,000) per year, regardless of the designating
 21 body that established the tax area. The county option income taxes
 22 imposed under IC 6-3.5 that are captured must be counted first toward
 23 this maximum.

24 **(e) In the case of a tax area established in the city of Terre**
 25 **Haute, the tax area contains the following facilities within the city**
 26 **of Terre Haute:**

- 27 **(1) The Hulman Center.**
 28 **(2) The Hilton Garden Hotel.**
 29 **(3) The Candlewood Suites.**
 30 **(4) The Holiday Inn.**
 31 **(5) The Honey Creek Mall.**
 32 **(6) The Indiana State University Foundation Building.**
 33 **(7) A:**
 34 **(A) convention center; or**
 35 **(B) facility that is used or will be used principally for**
 36 **convention or tourism related events serving national or**
 37 **regional markets;**
 38 **that is constructed after June 30, 2014.**

39 SECTION 3. IC 36-7-31.3-9, AS AMENDED BY P.L.119-2012,
 40 SECTION 211, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) A tax area must be initially
 42 established by resolution:



1 (1) except as provided in subdivision (2) before July 1, 1999; ~~or~~
 2 (2) before January 1, 2013, in the case of:

3 (A) **except as provided in subdivision (3)**, a second class
 4 city;

5 (B) the city of Marion; or

6 (C) the city of Westfield; **or**

7 **(3) before July 1, 2016, in the case of the city of Terre Haute;**
 8 according to the procedures set forth for the establishment of an
 9 economic development area under IC 36-7-14. Before May 15, 2005,
 10 a tax area established before January 1, 2005, may be changed or the
 11 terms governing the tax area revised in the same manner as the
 12 establishment of the initial tax area. After May 14, 2005, a tax area
 13 established before January 1, 2005, may not be changed and the terms
 14 governing a tax area may not be revised. Only one (1) tax area may be
 15 created in each county.

16 (b) In establishing the tax area, the designating body must make the
 17 following findings instead of the findings required for the
 18 establishment of economic development areas:

19 (1) Except for a tax area in:

20 (A) a city having a population of:

21 ~~(A) (i)~~ more than one hundred fifty thousand (150,000) but
 22 less than five hundred thousand (500,000); or

23 ~~(B) (ii)~~ more than eighty thousand (80,000) but less than
 24 eighty thousand four hundred (80,400); **or**

25 **(B) the city of Terre Haute;**

26 there is a capital improvement that will be undertaken or has been
 27 undertaken in the tax area for a facility that is used by a
 28 professional sports franchise for practice or competitive sporting
 29 events. A tax area to which this subdivision applies may also
 30 include a capital improvement that will be undertaken or has been
 31 undertaken in the tax area for a facility that is used for any
 32 purpose specified in section 8(a)(2) of this chapter.

33 (2) For a tax area in a city having a population of more than one
 34 hundred fifty thousand (150,000) but less than five hundred
 35 thousand (500,000), there is a capital improvement that will be
 36 undertaken or has been undertaken in the tax area for a facility
 37 that is used for any purpose specified in section 8(a) of this
 38 chapter.

39 (3) For a tax area in a city having a population of more than eighty
 40 thousand (80,000) but less than eighty thousand four hundred
 41 (80,400), there is a capital improvement that will be undertaken
 42 or has been undertaken in the tax area for a facility that is used for



1 any purpose specified in section 8(a)(2) of this chapter.

2 **(4) For a tax area in the city of Terre Haute, there is a capital**
 3 **improvement that will be undertaken or has been undertaken**
 4 **in the tax area for:**

5 **(A) a convention center; or**

6 **(B) a facility that is used or will be used principally for**
 7 **convention or tourism related events serving national or**
 8 **regional markets.**

9 ~~(4)~~ **(5)** The capital improvement that will be undertaken or that
 10 has been undertaken in the tax area will benefit the public health
 11 and welfare and will be of public utility and benefit.

12 ~~(5)~~ **(6)** The capital improvement that will be undertaken or that
 13 has been undertaken in the tax area will protect or increase state
 14 and local tax bases and tax revenues.

15 (c) The tax area established under this chapter is a special taxing
 16 district authorized by the general assembly to enable the designating
 17 body to provide special benefits to taxpayers in the tax area by
 18 promoting economic development that is of public use and benefit.

19 SECTION 4. IC 36-7-31.3-10, AS AMENDED BY P.L.137-2012,
 20 SECTION 121, IS AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE JULY 1, 2014]: Sec. 10. (a) A tax area must be
 22 established by resolution. A resolution establishing a tax area must
 23 provide for the allocation of covered taxes attributable to a taxable
 24 event or covered taxes earned in the tax area to the professional sports
 25 and convention development area fund established for the city or
 26 county. The allocation provision must apply to the entire tax area. The
 27 following apply to Allen County:

28 (1) The fund required by this subsection is the coliseum
 29 professional sports and convention development area fund. This
 30 fund shall be administered by the Allen County Memorial
 31 Coliseum board of trustees.

32 (2) The allocation each year must be as follows:

33 (A) The first two million six hundred thousand dollars
 34 (\$2,600,000) shall be transferred to the county treasurer for
 35 deposit in the coliseum professional sports and convention
 36 development area fund.

37 (B) The remaining amount shall be transferred to the treasurer
 38 of the joint county-city capital improvement board in the
 39 county.

40 The resolution must provide the tax area terminates not later than
 41 December 31, 2027.

42 **(b) This subsection does not apply to a tax area located in the**



1 **city of Terre Haute.** In addition to subsection (a), all of the salary,
2 wages, bonuses, and other compensation that are:

- 3 (1) paid during a taxable year to a professional athlete for
4 professional athletic services;
5 (2) taxable in Indiana; and
6 (3) earned in the tax area;

7 shall be allocated to the tax area if the professional athlete is a member
8 of a team that plays the majority of the professional athletic events that
9 the team plays in Indiana in the tax area.

10 (c) For a tax area that is:

- 11 (1) not located in a county having a population of more than three
12 hundred thousand (300,000) but less than four hundred thousand
13 (400,000); ~~and~~
14 (2) not located in a city having a population of more than one
15 hundred thousand (100,000) but less than one hundred ten
16 thousand (110,000); ~~and~~
17 **(3) not located in the city of Terre Haute;**

18 the total amount of state revenue captured by the tax area may not
19 exceed five dollars (\$5) per resident of the city or county per year for
20 twenty (20) consecutive years.

21 (d) For a tax area that is located in a city having a population of
22 more than one hundred thousand (100,000) but less than one hundred
23 ten thousand (110,000), the total amount of state revenue captured by
24 the tax area may not exceed six dollars and fifty cents (\$6.50) per
25 resident of the city per year for twenty (20) consecutive years.

26 **(e) For a tax area that is located in the city of Terre Haute, the**
27 **total amount of state revenue captured by the tax area may not**
28 **exceed five million dollars (\$5,000,000) each year.**

29 ~~(e)~~ (f) The resolution establishing the tax area must designate the
30 facility or proposed facility and the facility site for which the tax area
31 is established.

32 ~~(f)~~ (g) The department may adopt rules under IC 4-22-2 and
33 guidelines to govern the allocation of covered taxes to a tax area.

34 SECTION 5. IC 36-7-31.3-13, AS AMENDED BY P.L.261-2013,
35 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36 JULY 1, 2014]: Sec. 13. (a) When the designating body adopts an
37 allocation provision, the county auditor shall notify the department by
38 certified mail of the adoption of the provision and shall include with
39 the notification a complete list of the following:

- 40 (1) Employers in the tax area.
41 (2) Street names and the range of street numbers of each street in
42 the tax area.



- 1 The county auditor shall update the list before July 1 of each year.
- 2 (b) **This subsection does not apply to a tax area located in the**
- 3 **city of Terre Haute.** Taxpayers operating in the district shall report
- 4 annually, in the manner and in the form prescribed by the department,
- 5 information that the department determines necessary to calculate the
- 6 salary, wages, bonuses, and other compensation that are:
- 7 (1) paid during a taxable year to a professional athlete for
- 8 professional athletic services;
- 9 (2) taxable in Indiana; and
- 10 (3) earned in the district.
- 11 (c) **Taxpayers operating in a tax area located in the city of Terre**
- 12 **Haute shall report annually, in the manner and in the form**
- 13 **prescribed by the department, information that the department**
- 14 **determines necessary to calculate the state gross retail tax**
- 15 **attributable to the operation of a facility designated in section 8(e)**
- 16 **of this chapter as part of the tax area.**
- 17 ~~(c)~~ (d) A taxpayer operating in the district that files a consolidated
- 18 tax return with the department also shall file annually an informational
- 19 return with the department for each business location of the taxpayer
- 20 within the district.
- 21 ~~(d)~~ (e) 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 the
- 24 amount of covered taxes attributable to a taxable event in a tax area or
- 25 covered taxes from income earned in a tax area.
- 26 SECTION 6. IC 36-7-31.3-17 IS AMENDED TO READ AS
- 27 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 17. The department
- 28 shall notify the county auditor of the amount of taxes to be distributed
- 29 to the county treasurer. For tax areas described in section 8(c) of this
- 30 chapter, the department shall notify the county auditor of the amount
- 31 of taxes to be distributed to each party to the agreement. **For a tax area**
- 32 **established in the city of Terre Haute, the department shall notify**
- 33 **the county auditor of the amount of taxes to be distributed as**
- 34 **provided in the allocation provision, subject to the approval of the**
- 35 **development area oversight board established under section 20.5**
- 36 **of this chapter.** The notice must specify the distribution and uses of
- 37 covered taxes to be allocated under this chapter.
- 38 SECTION 7. IC 36-7-31.3-19, AS AMENDED BY P.L.119-2012,
- 39 SECTION 213, IS AMENDED TO READ AS FOLLOWS
- 40 [EFFECTIVE JULY 1, 2014]: Sec. 19. The resolution establishing the
- 41 tax area must designate the use of the funds. The funds are to be used
- 42 only for the following:



1 (1) Except in a tax area:

2 (A) in a city having a population of:

3 ~~(A)~~ (i) more than one hundred fifty thousand (150,000) but
4 less than five hundred thousand (500,000); or

5 ~~(B)~~ (ii) more than eighty thousand (80,000) but less than
6 eighty thousand four hundred (80,400); or

7 **(B) in the city of Terre Haute;**

8 a capital improvement that will construct or equip a facility
9 owned by the city, the county, a school corporation, or a board
10 under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and
11 used by a professional sports franchise for practice or competitive
12 sporting events. In a tax area to which this subdivision applies,
13 funds may also be used for a capital improvement that will
14 construct or equip a facility owned by the city, the county, or a
15 board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11
16 and used for any purpose specified in section 8(a)(2) of this
17 chapter.

18 (2) In a city having a population of more than one hundred fifty
19 thousand (150,000) but less than five hundred thousand
20 (500,000), a capital improvement that will construct or equip a
21 facility owned by the city, the county, a school corporation, or a
22 board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11
23 and used for any purpose specified in section 8(a) of this chapter.

24 (3) In a city having a population of more than eighty thousand
25 (80,000) but less than eighty thousand four hundred (80,400), a
26 capital improvement that will construct or equip a facility owned
27 by the city, the county, or a board under IC 36-9-13, IC 36-10-8,
28 IC 36-10-10, or IC 36-10-11 and used for any purpose specified
29 in section 8(a)(1) or 8(a)(2) of this chapter.

30 **(4) In the city of Terre Haute, subject to the approval of the**
31 **development area oversight board established under section**
32 **20.5 of this chapter, a capital improvement that will construct**
33 **or equip a convention center or a facility that is used or will**
34 **be used principally for convention or tourism related events**
35 **servicing national or regional markets.**

36 ~~(4)~~ (5) The financing or refinancing of a capital improvement
37 described in subdivision (1), (2), ~~or~~ (3), **or** (4), or the payment of
38 lease payments for a capital improvement described in
39 subdivision (1), (2), ~~or~~ (3), **or** (4).

40 SECTION 8. IC 36-7-31.3-20.5 IS ADDED TO THE INDIANA
41 CODE AS A NEW SECTION TO READ AS FOLLOWS
42 [EFFECTIVE JULY 1, 2014]: **Sec. 20.5. (a) If a tax area is**



1 established in the city of Terre Haute, a development area
2 oversight board is established as provided in this section.

3 (b) A development area oversight board established under this
4 section shall consist of the following members:

5 (1) Five (5) individuals appointed by the mayor of the city of
6 Terre Haute. Not more than three (3) individuals appointed
7 under this subdivision may be affiliated with the same
8 political party.

9 (2) One (1) individual appointed by the board of the Terre
10 Haute Convention and Visitors Bureau.

11 (3) Two (2) individuals appointed by the president of Indiana
12 State University.

13 (4) One (1) individual appointed by the county council of Vigo
14 County.

15 (c) In addition to any other approvals required by law, the
16 following are also subject to approval by the development area
17 oversight board:

18 (1) The use and distribution of any taxes distributed to the tax
19 area in the city of Terre Haute.

20 (2) The:

21 (A) issuance of any bonds; or

22 (B) entering into of any lease;

23 for which taxes distributed to the tax area in the city of Terre
24 Haute have been pledged to pay the principal and interest on
25 the bonds or the lease rental payments.

26 (d) The development area oversight board may do the following:

27 (1) Own and operate a facility described in section 8(e)(1) of
28 this chapter.

29 (2) Enter into other contracts or agreements as necessary to
30 carry out its powers and duties under this section.

31 SECTION 9. IC 36-7-31.3-21 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 21. This chapter
33 expires December 31, ~~2027~~. **2046.**

