

# SENATE BILL No. 368

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-29-5.

**Synopsis:** Funding for certain sporting events. Provides that a municipality or county may apply to the budget agency for funding from incremental state sales and income taxes to pay certain costs related to: (1) applying or bidding for selection as the site of a sporting event; (2) planning for or conducting the sporting event; (3) improving, constructing, renovating, or acquiring facilities that are directly associated with or attributable to the sporting event; and (4) paying principal and interest on debt entered into to improve, construct, renovate, or acquire facilities that are directly associated with or attributable to the sporting event. Specifies the information that must be in the application for funding and specifies the factors that the budget agency shall consider in determining whether to approve or disapprove an application for funding. Provides that the budget agency may not approve an application for funding unless the economic impact attributable to the sporting event will be at least \$500,000. Provides that if the budget agency approves an application for funding for a sporting event, the budget agency shall specify: (1) the percentage of incremental sales and income taxes that may be used to provide the funding; and (2) the required local matching share of the funding for the sporting event. Specifies that: (1) the funding may not be used to match the first 25% of the costs of the sporting event; (2) after local funding has been provided or secured for the first 25% of the costs, funding may be provided on a matching basis for the next 50% of the  
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**Effective:** July 1, 2014.

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January 14, 2014, read first time and referred to Committee on Tax and Fiscal Policy.

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costs; (3) the remaining 25% of the costs shall be funded entirely from state funding; (4) the budget agency may specify a maximum amount of funding that will be provided; and (5) in determining the amount of funding and matching amounts, the budget agency shall include any expenditures made by the state to directly support the sporting event and any expenditures made by the state for infrastructure necessary to support the sporting event. Specifies that after an application for funding for a sporting event is approved, the department of state revenue must determine the estimated amount of incremental state sales and income taxes that will be imposed and that are directly attributable, as determined by the department, to the preparation for and presentation of the sporting event. Provides that for purposes of the department's determination of the estimated amount of incremental taxes, the office of tourism development shall designate a market area for the sporting event for which the office determines there is a reasonable likelihood of measurable economic impact directly attributable to the preparation for and presentation of the sporting event. Requires the auditor of state to transfer a percentage (as determined by the budget agency) of the estimated amount of incremental taxes to a special account that is used to provide funding for the sporting event. Specifies the process to be used by a municipality or county to request and to receive a distribution of the incremental taxes to pay for costs that are directly associated with or attributable to the sporting event and that are related to or specifically referenced by an event support contract requirement. Provides that any balance remaining in the special account on the date that is one year after the sporting event reverts to the state general fund. Requires a municipality or county that receives a distribution to provide certain information to the budget agency after the conclusion of the sporting event.



Introduced

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.

## SENATE BILL No. 368

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

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

- 1 SECTION 1. IC 5-29-5 IS ADDED TO THE INDIANA CODE AS  
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2014]:  
4 **Chapter 5. Event Funding**  
5 **Sec. 1. As used in this chapter, "department" refers to the**  
6 **department of state revenue.**  
7 **Sec. 2. As used in this chapter, "eligible county" means the**  
8 **following:**  
9 (1) **A county that contains a site selected by a site selection**  
10 **organization for one (1) or more events.**  
11 (2) **A county that:**  
12 (A) **does not contain a site selected by a site selection**  
13 **organization for an event;**  
14 (B) **is included in the market area for the event as**  
15 **designated by the office; and**



- 1                   (C) is a party to an event support contract.
- 2           **Sec. 3.** As used in this chapter, "eligible municipality" means the
- 3 following:
- 4           (1) A municipality that contains a site selected by a site
- 5 selection organization for one (1) or more events.
- 6           (2) A municipality that:
- 7               (A) does not contain a site selected by a site selection
- 8 organization for an event;
- 9               (B) is included in the market area for the event as
- 10 designated by the office; and
- 11               (C) is a party to an event support contract.
- 12           **Sec. 4.** As used in this chapter, "event" means a sporting event
- 13 or a related series of sporting events (including any activities
- 14 related to or associated with the sporting event):
- 15           (1) that are held in Indiana; and
- 16           (2) for which a local organizing committee, county, or
- 17 municipality seeks approval from a site selection organization
- 18 to hold the event or the related series of events at a site in
- 19 Indiana.
- 20           **Sec. 5.** As used in this chapter, "event support contract" means
- 21 a joinder undertaking, a joinder agreement, or a similar contract
- 22 executed by:
- 23           (1) one (1) or more local organizing committees,
- 24 municipalities, or counties; and
- 25           (2) a site selection organization.
- 26           **Sec. 6.** As used in this chapter, "joinder agreement" means an
- 27 agreement entered into by:
- 28           (1) one (1) or more local organizing committees,
- 29 municipalities, or counties; and
- 30           (2) a site selection organization;
- 31 that sets out representations and assurances by each local
- 32 organizing committee, municipality, or county in connection with
- 33 the selection of a site in Indiana for the location of an event.
- 34           **Sec. 7.** As used in this chapter, "joinder undertaking" means an
- 35 agreement entered into by:
- 36           (1) one (1) or more local organizing committees,
- 37 municipalities, or counties; and
- 38           (2) a site selection organization;
- 39 that each local organizing committee, municipality, or county will
- 40 execute a joinder agreement in the event that the site selection
- 41 organization selects a site in Indiana for an event.
- 42           **Sec. 8.** As used in this chapter, "local organizing committee"



1 means a nonprofit corporation or its successor in interest that:

2 (1) has been authorized by a municipality or county to:

3 (A) pursue an application for selection as the site of an  
4 event; and

5 (B) submit a bid on the municipality's behalf or the  
6 county's behalf to a site selection organization for selection  
7 as the site of an event; or

8 (2) with the authorization of a municipality or county, has  
9 executed an agreement with a site selection organization  
10 regarding a bid to host an event.

11 Sec. 9. As used in this chapter, "site selection organization"  
12 means an entity that conducts or considers conducting an event in  
13 Indiana.

14 Sec. 10. An eligible municipality or eligible county may receive  
15 funding under this chapter for an event if:

16 (1) a site selection organization selects for the event a site that  
17 is located in Indiana, after considering, through a highly  
18 competitive selection process, one (1) or more sites that are  
19 not located in Indiana;

20 (2) the site selection organization selects the site in Indiana as:

21 (A) the sole site for the event; or

22 (B) the sole site for the event in a region composed of  
23 Indiana and one (1) or more adjoining states;

24 (3) the event is held not more than one (1) time in Indiana or  
25 an adjoining state in any year;

26 (4) the eligible municipality or eligible county has submitted  
27 an application for funding as provided in this chapter;

28 (5) the budget agency approves the application for funding as  
29 provided in this chapter; and

30 (6) the required local matching share of the funding for the  
31 event has been provided or has been secured by the eligible  
32 county, the eligible municipality, or the local organizing  
33 committee.

34 Sec. 11. (a) An eligible county or eligible municipality may as  
35 provided in this section submit to the budget agency an application  
36 requesting funding under this chapter for an event.

37 (b) An application submitted by an eligible county or eligible  
38 municipality under this section for a particular event must contain  
39 the following:

40 (1) A letter that is approved and signed by the executive of the  
41 eligible county or eligible municipality that requests funding  
42 under this chapter.



- 1           **(2) A certified copy of an ordinance or resolution that is**  
 2           **adopted by the fiscal body of the eligible county or eligible**  
 3           **municipality that requests funding under this chapter.**  
 4           **(3) A letter from the site selection organization selecting the**  
 5           **site in the eligible county or eligible municipality.**  
 6           **(4) A letter from the site selection organization describing the**  
 7           **selection process used to select the site of the event.**  
 8           **(5) A copy of the event support contract.**  
 9           **(6) Information proposing a market area for purposes of**  
 10           **section 13 of this chapter, and information to support the**  
 11           **choice of the proposed market area.**  
 12           **(7) Information:**  
 13               **(A) that the office considers necessary to make a**  
 14               **determination under section 13 of this chapter of the**  
 15               **market area of the event; and**  
 16               **(B) that the budget agency considers necessary to make the**  
 17               **determination under section 14 of this chapter of the**  
 18               **incremental increase in tax revenue associated with hosting**  
 19               **the event in Indiana, including a listing of data for any**  
 20               **related activities.**  
 21           **(8) A description of the amount and source of the following:**  
 22               **(A) Any public funds that will be expended by the eligible**  
 23               **county or eligible municipality to pay costs described in**  
 24               **section 17 of this chapter.**  
 25               **(B) Any private funds that will be expended by the local**  
 26               **organizing committee or any other entity to pay costs**  
 27               **described in section 17 of this chapter.**  
 28           **(9) Any other information that the budget agency considers**  
 29           **necessary to make a determination on the application.**  
 30           **(c) An application requesting funding for an event under this**  
 31           **chapter must be submitted not later than four (4) months before**  
 32           **the date the event begins.**  
 33           **Sec. 12. (a) In determining whether to approve or disapprove an**  
 34           **application for funding submitted under this chapter, the budget**  
 35           **agency shall consider the following factors:**  
 36               **(1) The effect of the event on the following:**  
 37                   **(A) The creation, expansion, or maintenance of**  
 38                   **employment.**  
 39                   **(B) The preservation or enhancement of the state tax base**  
 40                   **and the local government tax base.**  
 41                   **(C) The state of the tourism industry of Indiana, including**  
 42                   **whether the event will provide public visibility for Indiana**



1 and the communities where the events will be held.

2 (D) The quality of life for Indiana residents.

3 (2) Whether the totality of benefits that will result from  
4 providing the funding under this chapter is sufficient to  
5 justify approval of the funding.

6 (3) Any recommendations submitted by the office, the Indiana  
7 economic development corporation, or any other person or  
8 entity concerning the application.

9 (b) The budget agency may not approve an application for  
10 funding under this chapter unless the budget agency determines  
11 that the event will result in a total indirect and direct economic  
12 impact attributable to the preparation for and presentation of the  
13 event of at least five hundred thousand dollars (\$500,000) within  
14 the market area designated under section 13 of this chapter.

15 (c) The budget agency shall approve or disapprove each  
16 application for funding submitted under this chapter not later than  
17 thirty (30) days after the budget agency receives all the  
18 information required under section 11 of this chapter.

19 (d) If the budget agency approves an application for funding for  
20 an event under this chapter, the budget agency shall specify the  
21 following:

22 (1) The percentage of incremental taxes determined under  
23 section 14 of this chapter that may be used to provide the  
24 funding.

25 (2) The required local matching share of the funding for the  
26 event.

27 (e) The following apply to the funding that may be provided  
28 under this chapter:

29 (1) The funding may not be used to match the first twenty-five  
30 percent (25%) of the costs described in section 17 of this  
31 chapter.

32 (2) After local funding has been provided or secured for the  
33 first twenty-five percent (25%) of the costs described in  
34 section 17 of this chapter, funding under this chapter may be  
35 provided to match the local funding for the next fifty percent  
36 (50%) of the costs described in section 17 of this chapter. The  
37 funding under this subdivision must match one dollar (\$1) of  
38 local funding for each one dollar (\$1) of funding under this  
39 chapter.

40 (3) The remaining twenty-five percent (25%) of the costs  
41 described in section 17 of this chapter shall be funded entirely  
42 from funding under this chapter, to the extent the balance in



1 the special account under section 15 of this chapter is  
2 sufficient.

3 (4) Notwithstanding subdivisions (1) through (3), the budget  
4 agency may specify a maximum amount of funding that will  
5 be provided for an event under this chapter.

6 (5) In determining the amount of funding and matching  
7 amounts to be provided under this chapter, the budget agency  
8 shall include:

9 (A) any expenditures made by the state to directly support  
10 the event; and

11 (B) any expenditures made by the state for infrastructure  
12 necessary to support the event.

13 Sec. 13. (a) For purposes of the department's determination of  
14 the estimated amount of incremental taxes under section 14 of this  
15 chapter, the office shall designate as a market area for the event  
16 each area in which the office determines there is a reasonable  
17 likelihood of measurable economic impact directly attributable to  
18 the preparation for and presentation of the event, including areas  
19 that the office determines are likely to provide venues,  
20 accommodations, and services in connection with the event based  
21 on the proposal provided to the office by the local organizing  
22 committee, eligible county, or eligible municipality.

23 (b) The office shall determine the geographic boundaries of each  
24 market area. An eligible county or eligible municipality that has  
25 been selected as the site for the event must be included in a market  
26 area for the event.

27 Sec. 14. (a) Not later than thirty (30) days after the date an  
28 application for funding for an event is approved by the budget  
29 agency under this chapter, the department shall determine the  
30 following estimated amount for the thirty (30) day period ending  
31 on the day after the date on which the event will be held or, if the  
32 event will occur on more than one (1) day, for the thirty (30) day  
33 period ending on the day after the last date on which the event will  
34 be held:

35 (1) The estimated amount of incremental state gross retail and  
36 use taxes that will be imposed under IC 6-2.5 within the  
37 market area determined under section 13 of this chapter and  
38 that are directly attributable, as determined by the  
39 department, to the preparation for and presentation of the  
40 event.

41 (2) The estimated amount of any incremental state adjusted  
42 gross income tax that will be imposed under IC 6-3 within the





1 market area determined under section 13 of this chapter and  
 2 that are directly attributable, as determined by the  
 3 department, to the preparation for and presentation of the  
 4 event.

5 (b) The budget agency and the office shall assist the department  
 6 as necessary in determining the estimated amount of incremental  
 7 taxes under subsection (a). The department shall base its  
 8 determination of the estimated amount of incremental taxes under  
 9 subsection (a) on information that is required by the department  
 10 and is submitted by the local organizing committee, the eligible  
 11 county, or the eligible municipality.

12 Sec. 15. If an application for funding for an event is approved by  
 13 the budget agency under this chapter, the auditor of state shall  
 14 establish a separate account within the state general fund for the  
 15 event and shall transfer to that special account an amount equal to:

- 16 (1) the amount of estimated incremental taxes determined  
 17 under section 14 of this chapter; multiplied by  
 18 (2) the percentage of incremental taxes determined by the  
 19 budget agency under section 12(d)(1) of this chapter.

20 Sec. 16. (a) To receive a distribution from an account  
 21 established under section 15 of this chapter, an eligible county or  
 22 eligible municipality must submit a distribution request to the  
 23 budget agency. The distribution request must contain the  
 24 following:

- 25 (1) The amount requested to be distributed.  
 26 (2) A general explanation of the costs for which the  
 27 distribution request is made.  
 28 (3) Copies of the invoices, receipts, contracts, proof of  
 29 payment, or other documents supporting the costs included in  
 30 the distribution request.  
 31 (4) Documentation showing the approval of the distribution  
 32 request by each eligible county and eligible municipality.  
 33 (5) A copy of any financial report the eligible county or  
 34 eligible municipality is required to submit to the site selection  
 35 organization under the event support contract.  
 36 (6) The amount of public funds expended by the eligible  
 37 county or eligible municipality and the amount of private  
 38 funds expended by the local organizing committee or any  
 39 other entity to pay costs described in section 17 of this  
 40 chapter.  
 41 (7) Any other information or documentation required by the  
 42 budget agency in order to make a determination regarding



- 1           the approval of the distribution request.
- 2           **(b) The budget agency shall approve a distribution request**
- 3 **under this section if:**
- 4           **(1) the distribution request contains the information required**
- 5 **under subsection (a);**
- 6           **(2) the balance in the special account established under**
- 7 **section 15 of this chapter is sufficient to make the requested**
- 8 **distribution; and**
- 9           **(3) the required local matching share of the funding for the**
- 10 **costs for which the distribution request is made has been**
- 11 **provided by the eligible county, the eligible municipality, or**
- 12 **the local organizing committee.**
- 13           **(c) If the budget agency approves a distribution request under**
- 14 **this section, the auditor of state shall issue a warrant to the**
- 15 **treasurer of state ordering the distribution to be paid to the**
- 16 **requestor from the special account established under section 15 of**
- 17 **this chapter. The amount necessary to make the distribution is**
- 18 **appropriated from the special account.**
- 19           **Sec. 17. (a) Subject to subsection (b), money distributed for an**
- 20 **event under this chapter may be used only for the following**
- 21 **purposes:**
- 22           **(1) To pay the costs of applying or bidding for selection as the**
- 23 **site of the event.**
- 24           **(2) To pay the costs of planning for or conducting the event,**
- 25 **including any of the following:**
- 26           **(A) Fees that are charged by a site selection organization**
- 27 **and that must be paid as a prerequisite to holding the**
- 28 **event, including hosting fees, sanctioning fees,**
- 29 **participation fees, or bid fees.**
- 30           **(B) Costs for performance bonds or insurance required for**
- 31 **hosting the event.**
- 32           **(C) Public safety expenses or security related expenses**
- 33 **related to the event.**
- 34           **(D) Advertising expenses for advertising the event and its**
- 35 **locations.**
- 36           **(E) Administrative costs and facility use costs.**
- 37           **(F) Legal or professional service costs for any of the**
- 38 **following:**
- 39           **(i) Preparing a preevent or postevent economic impact**
- 40 **study.**
- 41           **(ii) Preparing event related documents.**
- 42           **(iii) Fulfilling specific obligations of the event support**



- 1 contract.
- 2 (iv) Consulting on soliciting, preparing, or hosting the
- 3 event.
- 4 (G) Costs of transportation or parking services for the
- 5 event that exceed the revenues earned from providing the
- 6 transportation or parking for the event.
- 7 (H) Other costs specified in the event support contract as
- 8 necessary for the hosting of the event.
- 9 (3) To pay the costs of improving, constructing, renovating, or
- 10 acquiring facilities that are directly associated with or
- 11 attributable to fulfilling obligations of the event support
- 12 contract.
- 13 (4) To pay principal and interest on bonds or notes issued or
- 14 leases entered into by an eligible county or eligible
- 15 municipality to improve, construct, renovate, or acquire
- 16 facilities that are directly associated with or attributable to
- 17 fulfilling obligations of the event support contract.
- 18 (b) Money distributed under this chapter for an event may be
- 19 used to pay costs described in subsection (a) only if those costs are:
- 20 (1) directly associated with or attributable to the event for
- 21 which the special account is established; and
- 22 (2) related to or specifically referenced by an event support
- 23 contract requirement.
- 24 **Sec. 18. Any money that:**
- 25 (1) is in a special account established under section 15 of this
- 26 chapter for an event; and
- 27 (2) has not been distributed under this chapter before the date
- 28 that is one (1) year after the last date on which the event was
- 29 held;
- 30 reverts to the state general fund.
- 31 **Sec. 19. After the conclusion of an event, an eligible county or**
- 32 **eligible municipality that receives a distribution for funding an**
- 33 **event under this chapter must provide to the budget agency the**
- 34 **following information related to the event, to the extent the**
- 35 **information is available:**
- 36 (1) The total attendance at the event.
- 37 (2) The total ticket sales for the event.
- 38 (3) The number and price of tickets sold to out-of-state
- 39 purchasers.
- 40 (4) Any other public information requested by the office or
- 41 the budget agency to evaluate the funding provided under this
- 42 chapter.

