

# SENATE BILL No. 429

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-23.

**Synopsis:** Cultural district development. Provides that an arts and cultural district (district) certified by the Indiana arts commission (commission) is subject to annual review by the commission and must be recertified every four years. Specifies certain requirements for certification (or recertification) of a district. Permits a city, town, or county that has a certified district to establish a cultural district development area (tax area) within the district to capture incremental sales tax and income tax to be transferred to the Indiana arts commission trust fund and used only for the benefit of the tax area. Provides that a city, town, or county that wishes to establish a tax area must adopt an ordinance to do so. Provides that the total incremental taxes captured in a tax area in a state fiscal year may not exceed \$500,000. Authorizes the commission to revoke the city's, town's, or county's right to distributions of incremental tax revenue from a tax area under certain circumstances.

**Effective:** July 1, 2017.

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January 12, 2017, read first time and referred to Committee on Local Government.

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First Regular Session 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.

## SENATE BILL No. 429

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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 4-23-2-7, AS ADDED BY P.L.10-2008, SECTION  
2 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
3 2017]: Sec. 7. (a) As used in this section, "district" means an area  
4 certified as an arts and cultural district under this section.  
5 (b) As used in this section, "unit" means a city, town, or county.  
6 (c) The commission shall establish an arts and cultural district  
7 certification program.  
8 (d) To have an area certified as a district, a unit must:  
9 (1) apply to the commission on a form prescribed by the  
10 commission; and  
11 (2) provide any proof the commission determines is necessary to  
12 certify a district.  
13 Two (2) or more units may apply jointly for certification of a district  
14 that extends across a common boundary.  
15 (e) The commission, after reviewing an application filed by a unit  
16 under subsection (d)(1), may certify an area as a district.  
17 (f) The commission shall adopt rules under IC 4-22-2:



- 1 (1) to establish criteria for a unit wishing to have an area certified  
 2 **or recertified** as a district; and  
 3 (2) that are necessary to carry out this section.

4 **(g) After June 30, 2017, a district certified under this section is**  
 5 **subject to annual review by the commission and must be recertified**  
 6 **every four (4) years.**

7 **(h) After June 30, 2017, the criteria established by the**  
 8 **commission under subsection (f) for certification of a district must**  
 9 **include at least the following requirements:**

10 (1) **Submission of a viable and current arts and economic**  
 11 **development plan that establishes a clear strategy for long**  
 12 **term growth.**

13 (2) **Demonstration that the designation of the district creates**  
 14 **an opportunity to attract both additional arts and cultural**  
 15 **activity and economic investment.**

16 (3) **Execution of an agreement between the commission and**  
 17 **the unit that:**

18 (A) **requires that grants awarded from the Indiana arts**  
 19 **commission trust fund established by IC 4-23-2.5-4 shall be**  
 20 **expended in the manner set forth in the district's**  
 21 **agreement and guidelines for the grant; and**

22 (B) **stipulates that the commission may revoke a unit's**  
 23 **right to distributions from the unit's cultural district**  
 24 **development area account established under**  
 25 **IC 4-23-2.5-4(c) if the unit fails to comply with any**  
 26 **agreement regarding the district or any agreement or**  
 27 **guideline regarding a grant from the Indiana arts**  
 28 **commission trust fund established by IC 4-23-2.5-4.**

29 (4) **In the case of a recertification of a district, evidence of the**  
 30 **unit's ongoing:**

31 (A) **participation in the district; and**

32 (B) **compliance with the district's community, economic,**  
 33 **and cultural goals;**

34 **as demonstrated by annual reviews under subsection (g) or**  
 35 **other similar documentation.**

36 (i) **The commission may revoke a unit's right to distributions**  
 37 **from the unit's cultural district development area account**  
 38 **established under IC 4-23-2.5-4(c) if the unit fails to comply with**  
 39 **the requirements under subsection (h)(3)(A) and (h)(3)(B). If the**  
 40 **commission revokes a unit's right to distributions under this**  
 41 **subsection, the commission shall immediately notify the**  
 42 **department of state revenue, the treasurer of state, and the unit of**



1 **the revocation by certified mail.**

2 SECTION 2. IC 4-23-2.2 IS ADDED TO THE INDIANA CODE  
3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2017]:

5 **Chapter 2.2. Cultural District Development Areas**

6 **Sec. 1. This chapter applies only to a unit that contains a**  
7 **district.**

8 **Sec. 2. As used in this chapter, "department" refers to the**  
9 **department of state revenue.**

10 **Sec. 3. As used in this chapter, "district" refers to a certified**  
11 **arts and cultural district established under IC 4-23-2-7.**

12 **Sec. 4. As used in this chapter, "gross retail base period**  
13 **amount" means the aggregate amount of state gross retail and use**  
14 **taxes remitted under IC 6-2.5 by the businesses operating in the tax**  
15 **area during the full state fiscal year that precedes the date on**  
16 **which the unit adopts an ordinance under section 10 of this**  
17 **chapter.**

18 **Sec. 5. As used in this chapter, "gross retail incremental**  
19 **amount" means the remainder of:**

20 (1) the aggregate amount of state gross retail and use taxes  
21 that are remitted under IC 6-2.5 by businesses operating in  
22 the tax area during a state fiscal year; minus

23 (2) the gross retail base period amount;

24 as determined by the department.

25 **Sec. 6. As used in this chapter, "income tax base period**  
26 **amount" means the aggregate amount of state and local income**  
27 **taxes paid by employees employed in the tax area with respect to**  
28 **wages and salary earned for work in the tax area for the state fiscal**  
29 **year that precedes the date on which the unit adopts an ordinance**  
30 **under section 10 of this chapter.**

31 **Sec. 7. As used in this chapter, "income tax incremental**  
32 **amount" means the remainder of:**

33 (1) the aggregate amount of state and local income taxes paid  
34 by employees employed in the tax area with respect to wages  
35 earned for work in the tax area for a particular state fiscal  
36 year; minus

37 (2) the sum of the:

38 (A) income tax base period amount; and

39 (B) tax credits awarded by the economic development for  
40 a growing economy board under IC 6-3.1-13 to businesses  
41 operating in tax area as the result of wages earned for  
42 work in the tax area for the state fiscal year;



1 as determined by the department.

2 **Sec. 8.** As used in this chapter, "tax area" means the geographic  
3 boundaries of a district that is established by a fiscal body of a unit  
4 as a cultural district development area under section 10 of this  
5 chapter.

6 **Sec. 9.** As used in this chapter, "unit" means a city, town, or  
7 county.

8 **Sec. 10. (a)** The fiscal body of a unit may adopt an ordinance to  
9 establish a cultural district development area as a tax area for the  
10 purpose of allocating the income tax incremental amount and the  
11 gross retail incremental amount collected in the tax area to the  
12 Indiana arts commission trust fund established by IC 4-23-2.5-4 as  
13 set forth in section 12 of this chapter.

14 **(b)** The ordinance establishing a tax area must designate the  
15 specific geographic boundaries of the tax area. The geographic  
16 boundaries of the tax area must be the same as the geographic  
17 boundaries of the district on the date of the ordinance.

18 **(c)** The ordinance establishing a tax area must specify that the  
19 allocation of the amounts from the tax area shall terminate on the  
20 date on which:

- 21 (1) the district fails to be recertified under IC 4-23-2-7(g);  
22 (2) the Indiana arts commission revokes the unit's right to  
23 receive distributions from the unit's cultural district  
24 development area account established under IC 4-23-2.5-4(c)  
25 as authorized in IC 4-23-2-7(i); or  
26 (3) the unit repeals the ordinance that established the cultural  
27 district development area.

28 **Sec. 11.** A unit shall notify the state department of revenue by  
29 certified mail of the adoption of an ordinance under section 10 of  
30 this chapter and shall include with the notification a boundary map  
31 of the tax area and a complete list of the street names and the  
32 range of street numbers of each street in the tax area.

33 **Sec. 12. (a)** Subject to subsection (b), if a unit adopts an  
34 ordinance under section 10 of this chapter, the amounts allocated  
35 from the income tax incremental amount and the gross retail  
36 incremental amount collected in the tax area shall be paid monthly  
37 by the treasurer of state to the Indiana arts commission trust fund  
38 established under IC 4-23-2.5-4 for deposit in the unit's cultural  
39 district development area account established under  
40 IC 4-23-2.5-4(c).

41 **(b)** The amounts allocated from the income tax incremental  
42 amount and the gross retail incremental amount collected in a tax



1 **area in a state fiscal year in the aggregate shall not exceed five**  
 2 **hundred thousand dollars (\$500,000).**

3 SECTION 3. IC 4-23-2.5-4, AS AMENDED BY P.L.198-2016,  
 4 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5 JULY 1, 2017]: Sec. 4. (a) The Indiana arts commission trust fund is  
 6 established to support the programs and the administrative budget of  
 7 the commission.

8 (b) The fund consists of the following:

9 (1) Appropriations of the general assembly from revenue sources  
 10 determined by the general assembly and in an amount determined  
 11 by the general assembly.

12 (2) Donations to the fund from public or private sources.

13 (3) Interest and dividends on assets of the fund.

14 (4) Money transferred to the fund from other funds.

15 (5) Fees from the Indiana arts trust license plate issued under  
 16 IC 9-18-41 (before its expiration) or IC 9-18.5-20.

17 **(6) Money transferred to the fund under IC 4-23-2.2-12 for**  
 18 **deposit in a cultural district development account under**  
 19 **subsection (c).**

20 ~~(6)~~ (7) Money from other sources that the commission may  
 21 acquire.

22 (c) **A cultural district development area account shall be**  
 23 **established within the fund for each unit that has a tax area under**  
 24 **IC 4-23-2.2. Amounts held in the account shall be distributed only**  
 25 **for the purposes of this chapter and only for the benefit of the tax**  
 26 **area established by the unit from which the money is transferred**  
 27 **to the fund under subsection (b)(6). No amounts may be distributed**  
 28 **from the account if the unit's right to receive distributions from its**  
 29 **account is revoked by the Indiana arts commission under**  
 30 **IC 4-23-2-7(i). Any amounts that remain in an account after a**  
 31 **unit's right to receive distributions is revoked or the tax area is**  
 32 **repealed shall revert to the fund.**

