SENATE BILL No. 514

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-28-15.5; IC 6-1.1; IC 6-3.1; IC 35-44.2-4-5; IC 35-52-5-12; IC 35-52-5-13.

Synopsis: Entrepreneur and enterprise districts. Establishes the entrepreneur and enterprise district pilot program. Authorizes the board of the Indiana economic development corporation to designate one entrepreneur and enterprise district (district) in the city of Lafayette and one district in the city of Fort Wayne. Specifies the conditions that must be satisfied before an area may be designated as a district. Provides that a district expires on the earlier of: (1) the date that is five years after it is designated as a district; or (2) December 31, 2022. Specifies that the urban enterprise association established for an enterprise zone in the city for which the district is designated shall serve as the board of directors of the district. Specifies the procedures applicable to a district. Provides for the following incentives for district businesses that meet certain conditions: (1) An exclusion from the 30% valuation floor for depreciable personal property. (2) A property tax deduction for certain investment in a district. (3) A property tax abatement deduction for vacant buildings in a district. (4) A state tax credit for collaborative innovation team expenses in a district. (5) A state tax credit for job creation in a district. (6) A state tax credit for capital investments in certain small businesses in a district. (7) A state tax credit for the sale or licensing of a patent or a proprietary product, process, or technology to a person in a district.

Effective: July 1, 2017.

Hershman

January 17, 2017, read first time and referred to Committee on Tax and Fiscal Policy.

Introduced

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. 514

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

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

SECTION 1. IC 5-28-15.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 15.5. Entrepreneur and Enterprise District Pilot Program

Sec. 1. As used in this chapter, "district" refers to an entrepreneur and enterprise district designated by the board under section 5 of this chapter.

Sec. 2. As used in this section, "district board" refers to the board of directors of a district as specified in section 5(b) of the chapter.

Sec. 3. As used in this chapter, "district business" means an entity that accesses at least one (1) tax credit, tax deduction, or incentive available under this chapter, IC 6-1.1-3-25, IC 6-1.1-45, IC 6-1.1-46, IC 6-3.1-35, IC 6-3.1-36, IC 6-3.1-37, or IC 6-3.1-38.

Sec. 4. As used in this chapter, "qualified municipality" means the following:

(1) The city of Lafayette.

(2) The city of Fort Wayne.

Sec. 5. (a) The board may do one (1) or both of the following as provided in this chapter:

(1) Designate one (1) entrepreneur and enterprise district in the city of Lafayette.

(2) Designate one (1) entrepreneur and enterprise district in the city of Fort Wayne.

(b) If the board designates a district in a city listed in subsection (a), the urban enterprise association established under IC 5-28-15-13 for an enterprise zone in that city shall serve as the board of directors of the district.

Sec. 6. (a) After approval by resolution of the legislative body of a qualified municipality, the executive of the qualified municipality may submit an application to the corporation to have territory within the qualified municipality designated as a district. If an application is denied, the executive may submit a new application.

(b) The corporation shall specify:

(1) the procedures that a qualified municipality must use in submitting an application for the designation of a district; and

(2) the information that the qualified municipality must include with the application.

Sec. 7. (a) The corporation shall evaluate an application submitted under section 6 of this chapter if the corporation finds that all of the following threshold criteria exist in the proposed district:

(1) The proposed district has a poverty level in which twenty-five percent (25%) of the households in the district are below the poverty level as established by the most recent United States census or an average rate of unemployment for the most recent eighteen (18) month period for which data is available that is at least one and one-half (1 1/2) times the average statewide rate of unemployment for the same eighteen (18) month period.

(2) The proposed district has a population of more than two thousand (2,000) but not more than ten thousand (10,000).

(3) The territory of the proposed district contains at least two (2) square miles but does not contain more than ten percent (10%) of the territory of the qualified municipality.

(4) The proposed district contains a:

(A) coworking facility;

(B) business incubator; or

(C) business support facility;
that the corporation approves as able to provide sufficient resources for district businesses.

(b) If an applicant has met all of the threshold criteria of subsection (a), the board shall evaluate the application, arrive at a decision based on all of the following factors, and either designate a district or reject the application:

(1) The level of poverty, unemployment, and general distress of the proposed district in comparison with other municipalities and the expression of need for a district over and above the threshold criteria of subsection (a).

(2) The evidence of support for designation of the district by residents, businesses, and private organizations in the proposed district, and the demonstration of a willingness among those district constituents to participate in the revitalization of the proposed district.

(3) The efforts by the qualified municipality to reduce the impediments to development in the proposed district, including but not limited to the following:

(A) A procedure for streamlining local government regulations and permit procedures.

(B) Crime prevention activities involving district residents.

(C) A plan for infrastructure improvements capable of supporting increased development activity.

(4) Significant efforts to encourage the reuse of existing district structures in new development activities to preserve the existing character of the neighborhood, where appropriate.

(5) The proposed managerial structure of the district and the capacity of the district board to carry out the goals and purposes of this chapter.

Sec. 8. A district expires on the earlier of the following:

(1) Five (5) years after the date on which it is designated as a district by the board.

(2) December 31, 2022.

Sec. 9. (a) The board has the following powers, in addition to other powers that are contained in this chapter:

(1) To review and approve or reject applicants for designation as a district, according to the criteria for designation that this chapter provides.

(2) To waive or modify rules as provided in this chapter.

(3) To adopt rules for the disqualification of a district business

from eligibility for one (1) or more tax credits, tax deductions, or other incentives available to district businesses, if that district business does not do one (1) of the following:

(A) If all its tax credits, tax deductions, and other incentives, as contained in the summary required under section 11 of this chapter, exceed one thousand dollars ($1,000) in any year, pay a registration fee to the corporation in an amount equal to one percent (1%) of all its incentives.

(B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the district.

(C) Remain open and operating as a district business for twelve (12) months of the year for which the tax credit, tax deduction, or other incentive is claimed.

(4) After a recommendation from the district board, to modify the boundary of the district if the board determines that the modification:

(A) is in the best interests of the district; and

(B) meets the threshold criteria and factors set forth in section 7 of this chapter.

(5) To employ staff and contract for services to carry out this chapter.

(b) The corporation has the following powers, in addition to the other powers that are contained in this chapter:

(1) To provide a procedure by which districts may be monitored and evaluated on an annual basis.

(2) To disqualify a district business from eligibility for any or all of the incentives available to district businesses.

(3) To receive funds from any source and expend the funds for the administration and promotion of the districts established under this chapter.

(c) In addition to a registration fee paid under subsection (a)(3)(A), each district business that receives a tax credit, tax deduction, or other incentive described in section 3 of this chapter shall assist the district board in an amount determined by the legislative body of the qualified municipality in which the district business is located. If a district business does not assist a district board, the legislative body of the qualified municipality in which the district is located may pass an ordinance disqualifying the district business from eligibility for all credits or incentives available to district businesses. If the legislative body disqualifies

a district business under this subsection, the legislative body shall notify the corporation, the department of local government finance, and the department of state revenue in writing not more than thirty (30) days after the passage of the ordinance disqualifying the district business. Disqualification of a district business under this section is effective beginning with the taxable year in which the ordinance disqualifying the district business is adopted.

(d) The legislative services agency shall before January 1, 2022, review the tax incentives available to district businesses as part of the legislative services agency's evaluation of tax incentives under IC 2-5-3.2.

Sec. 10. (a) The entrepreneur and enterprise district pilot program fund is established within the state treasury.

(b) The fund consists of:

(1) the revenue from the registration fee required under section 9 of this chapter; and

(2) any appropriations from the general assembly.

(c) The corporation shall administer the fund. The fund may be used to:

(1) pay the expenses of administering the fund;

(2) pay nonrecurring administrative expenses of the pilot program under this chapter;

(3) provide grants to a district board; and

(4) pay administrative expenses of district boards.

However, money in the fund may not be expended unless it has been appropriated by the general assembly and allotted by the budget agency.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund. The corporation shall develop appropriate applications and may develop grant allocation guidelines, without complying with IC 4-22-2, for awarding grants under this subsection.

Sec. 11. (a) Subject to subsections (c) and (d), a district business that claims any of the tax credits, tax deductions, or other incentives available to district businesses shall, before June 1 of each year:

(1) submit to the corporation and to the district board, on a

form prescribed by the corporation, a verified summary concerning the amount of tax credits, tax deductions, and other incentives claimed by the district business in the preceding year; and

(2) pay the amount specified in section 9(a)(3) of this chapter to the corporation.

(b) In order to determine the accuracy of the summary submitted under subsection (a), the corporation is entitled to obtain copies of a district business's tax records directly from the department of state revenue, the department of local government finance, or a county official, notwithstanding any other law. A summary submitted to the corporation or a district board and any records obtained by the corporation under this section are confidential. A member of a district board, an agent of a district board or a district board member, or an employee of the corporation who knowingly or intentionally discloses information that is confidential under this section commits a Class A misdemeanor.

(c) The corporation may grant one (1) extension of the time allowed to comply with subsection (a) under the provisions of this subsection. To qualify for an extension, a district business must apply to the corporation before June 1. The application must be in the form specified by the corporation. The extension may not exceed forty-five (45) days under rules adopted by the board.

(d) If a district business that did not comply with subsection (a) before June 1 and did not file for an extension under subsection (c) before June 1 complies with subsection (a) before July 16, the amount of the tax credits, tax deductions, and other incentives for the preceding year that were otherwise available to the district business because the business was a district business are waived, unless the district business pays to the corporation a penalty of:

(1) an amount not to exceed seven percent (7%), for the first instance of noncompliance; or

(2) fifteen percent (15%), for the second instance of noncompliance and each subsequent instance;

of the amount of the tax credits, tax deductions, and other incentives for the preceding year that were otherwise available to the district business because the business was a district business. A district business that pays a penalty under this subsection for a year must pay the penalty to the corporation before July 16 of that year. The corporation shall deposit any penalty payments received under this subsection in the entrepreneur and enterprise district

pilot program fund.

(e) This subsection is in addition to any other sanction imposed by subsection (d) or any other law. If a district business fails to comply with subsection (a) before July 16 and does not pay any penalty required under subsection (d) before July 16 of that year, the district business is:

(1) denied all the tax credits, tax deductions, and other incentives available to a district business because the business was a district business for that year; and

(2) disqualified from further participation in the pilot program under this chapter until the district business:

(A) petitions the board for readmission to the pilot program under this chapter; and

(B) pays a civil penalty of one hundred dollars ($100).

Sec. 12. (a) This section applies to records and other information, including records and information that are otherwise confidential, maintained by the following:

(1) The board.

(2) A district board.

(3) The department of state revenue.

(4) The corporation.

(5) The department of local government finance.

(6) A county auditor.

(7) A county or township assessor.

(b) A person or an entity listed in subsection (a) may request a second person or entity described in subsection (a) to provide any records or other information maintained by the second person or entity that concern an individual or a business that is receiving a tax credit, tax deduction, or other incentive related to a district. Notwithstanding any other law, the person or entity to whom the request is made under this section must comply with the request. A person or entity receiving records or information under this section that are confidential must also keep the records or information confidential.

(c) A person or an entity that receives confidential records or information under this section and knowingly or intentionally discloses the records or information to an unauthorized person commits a Class A misdemeanor.

Sec. 13. The board may not approve the enlargement of a district's geographic boundaries unless the area to be enlarged meets the criteria of economic distress set forth in section 7(a)(1) of this chapter.

Sec. 14. (a) A district board shall do the following:

(1) Coordinate development activities within the district.

(2) Serve as a catalyst for development within the district.

(3) Promote the district to outside groups and individuals.

(4) Establish a formal line of communication with residents and businesses in the district.

(5) Act as a liaison among residents, businesses, the municipality, and the board for any development activity that may affect the district or district residents.

(b) A district board may do the following:

(1) Initiate and coordinate any community development activities that aid in the employment of district residents, improve the physical environment, or encourage the turnover or retention of capital in the district.

(2) Recommend that the board modify a district boundary or disqualify a district business from eligibility for one (1) or more tax credits, tax deductions, or other incentives available to district businesses.

(c) The district board may request, by majority vote, that the legislative body of the municipality in which the district is located modify or waive any municipal ordinance or regulation that is in effect in the district. The legislative body may, by ordinance, waive or modify the operation of the ordinance or regulation, if the ordinance or regulation does not affect health (including environmental health), safety, civil rights, or employment rights.

(d) The district board may request, by majority vote, that the board waive or modify any state rule that is in effect in the district. The board shall review the request and may approve, modify, or reject the request. Approval or modification by the board shall take place after review by the appropriate state agency. A modification may include but is not limited to establishing different compliance or reporting requirements, timetables, or exemptions in the district for a business or an individual, to the extent that the modification does not adversely affect health (including environmental health), safety, employment rights, or civil rights. An approval or a modification of a state rule by the board takes effect upon the approval of the governor. In no case are the provisions of IC 22-2-2 and IC 22-7-1-2 affected by this chapter.

Sec. 15. (a) Any business that substantially reduces or ceases an operation located in Indiana and outside a district (referred to as a nondistrict operation) in order to relocate in a district is disqualified from benefits or incentives available to district

businesses. Determinations under this section shall be made by a hearing panel composed of the chairperson of the board or the chairperson's designee, the commissioner of the department of state revenue or the commissioner's designee, and the commissioner of the department of local government finance or the commissioner's designee. The panel, after an evidentiary hearing held subsequent to the relocation of the business, shall submit a recommended order to the board for its adoption. The recommended order shall be based on the following criteria and the requirements set forth in subsection (b):

(1) A site specific economic activity, including sales, leasing, service, manufacturing, production, storage of inventory, or any activity involving permanent full-time or part-time employees, shall be considered a business operation.

(2) With respect to a nondistrict operation, any of the following that occurs during the twelve (12) months before the completion of the physical relocation of all or part of the activity described in subdivision (1) from the nondistrict operation to the district as compared with the twelve (12) months before that twelve (12) months shall be considered a substantial reduction:

(A) A reduction in the average number of full-time or part-time employees of the lesser of:

(i) one hundred (100) employees; or

(ii) twenty-five percent (25%) of all employees.

(B) A twenty-five percent (25%) reduction in the average number of goods manufactured or produced.

(C) A twenty-five percent (25%) reduction in the average value of services provided.

(D) A ten percent (10%) reduction in the average value of stored inventory.

(E) A twenty-five percent (25%) reduction in the average amount of gross income.

(b) Notwithstanding subsection (a), a business that would otherwise be disqualified under subsection (a) is eligible for benefits and incentives available to district businesses if all of the following conditions are met:

(1) The business relocates its nondistrict operation for any of the following reasons:

(A) The lease on property necessary for the nondistrict operation has been involuntarily lost through no fault of the business.

(B) The space available at the location of the nondistrict operation cannot accommodate planned expansion needed by the business.

(C) The building for the nondistrict operation has been certified as uninhabitable by a state or local building authority.

(D) The building for the nondistrict operation has been totally destroyed through no fault of the business.

(E) The renovation and construction costs at the location of the nondistrict operation are more than one and one-half (1 1/2) times the costs of purchase, renovation, and construction of a facility in the district, as certified by three (3) independent estimates.

A business is eligible for benefits and incentives under clause (C) or (D) only if renovation and construction costs at the location of the nondistrict operation are more than one and one-half (1 1/2) times the cost of purchase, renovation, and construction of a facility in the district. These costs must be certified by three (3) independent estimates.

(2) The business has not terminated or reduced the pension or health insurance obligations payable to employees or former employees of the nondistrict operation without the consent of the employees.

(c) The hearing panel shall deliver to the business and to any person who testified before the panel in favor of disqualification of the business a copy of the panel's recommended order. The business and these persons shall be considered parties for purposes of this section.

(d) A party who wishes to oppose the board's adoption of the recommended order of the hearing panel shall, not later than ten (10) days after the party's receipt of the recommended order, file written objections with the board. If the objections are filed, the board shall set the objections for oral argument and give notice to the parties. A party at its own expense may cause to be filed with the board a transcript of the oral testimony or any other part of the record of the proceedings. The oral argument shall be on the record filed with the board. The board may hear additional evidence or remand the action to the hearing panel with instructions appropriate to the expeditious and proper disposition of the action. The board may adopt the recommendations of the hearing panel, may amend or modify the recommendations, or may make an order or determination as is proper on the record.

(e) If no objections are filed, the board may adopt the recommended order without oral argument. If the board does not adopt the proposed findings of fact and recommended order, the parties shall be notified and the action shall be set for oral argument as provided in subsection (d).

(f) The final determination made by the board shall be made by a majority of the quorum needed for board meetings.

Sec. 16. If a business is located within both a district and an enterprise zone established under IC 5-28-15, the business:

(1) may not receive any tax credits or incentives under IC 5-28-15; and

(2) is not required to pay any registration fees or other fees imposed under IC 5-28-15.

Sec. 17. The state pledges to and agrees with the direct recipient of any incentive under this chapter that the state will not limit or alter the rights vested in the district board to fulfill the terms of any agreements the district board makes with those recipients or in any way impair the rights and remedies of those recipients until the terms of the incentive are fulfilled. The district board may include this pledge and agreement of the state in any agreement the district board makes with the recipient.

Sec. 18. If a district is designated under this chapter, the corporation shall before November 1, 2018, and before November 1 of each year thereafter submit a report to the budget committee and (in an electronic format under IC 5-14-6) the legislative council concerning the economic development efforts within the district during the preceding year, including any tax credits, tax deductions, and other incentives claimed by district businesses or related to district businesses.

Sec. 19. This chapter expires December 31, 2022.

SECTION 2. IC 6-1.1-3-25 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 25. (a) As used in this section, "district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.**

(b) Notwithstanding section 22(b) of this chapter and IC 6-1.1-8-44(b), assessable depreciable personal property that:

(1) is located in a district;

(2) is placed in service in the district by the owner of the property after the designation of the district under IC 5-28-15.5; and

(3) is used within the district by one (1) or more employees

who perform the majority of their service within the district; is not subject to the valuation limitations in 50 IAC 4.2-4-9 or 50 IAC 5.1-6-9.

SECTION 3. IC 6-1.1-45-2, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 2. "Base year assessed value" equals the total assessed value of the real and personal property assessed at an enterprise zone location **or an entrepreneur and enterprise district location** on the assessment date in the calendar year immediately preceding the calendar year in which a taxpayer makes a qualified investment with respect to the enterprise zone location **or the entrepreneur and enterprise district location.**

SECTION 4. IC 6-1.1-45-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 3.5. "District business" has the meaning set forth in IC 5-28-15.5-3.**

SECTION 5. IC 6-1.1-45-6.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 6.2. "Entrepreneur and enterprise district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.**

SECTION 6. IC 6-1.1-45-6.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 6.4. "Entrepreneur and enterprise district location" means a lot, parcel, or tract of land located in an entrepreneur and enterprise district.**

SECTION 7. IC 6-1.1-45-6.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 6.6. "Entrepreneur and enterprise district property" refers to real and tangible personal property that is located within an entrepreneur and enterprise district on an assessment date.**

SECTION 8. IC 6-1.1-45-7, AS ADDED BY P.L.214-2005, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 7. As used in this chapter, "qualified investment" means any of the following expenditures relating to an enterprise zone location **or entrepreneur and enterprise district location** on which a taxpayer's zone business **or district business** is located:

(1) The purchase of a building.

(2) The purchase of new manufacturing or production equipment.

(3) Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.

(4) Onsite infrastructure improvements.
(5) The construction of a new building.
(6) Costs associated with retooling existing machinery.
(7) In the case of an entrepreneur and enterprise district, the purchase of:
(A) new information technology equipment (as defined in IC 6-1.1-12.1-1);
(B) new logistical distribution equipment (as defined in IC 6-1.1-12.1-1); or
(C) new research and development equipment (as defined in IC 6-1.1-12.1-1).

SECTION 9. IC 6-1.1-45-9, AS AMENDED BY P.L.146-2008, SECTION 304, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 9. (a) Subject to subsection ~~(c),~~ **(d),** a taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:
(1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus
(2) the total amount of the base year assessed value for the enterprise zone location.

(b) Subject to subsection (c), a taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's entrepreneur and enterprise district property located at the entrepreneur and enterprise district location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:
(1) the total amount of the assessed value of the taxpayer's entrepreneur and enterprise district property assessed at the entrepreneur and enterprise district location on a particular assessment date; minus
(2) the total amount of the base year assessed value for the entrepreneur and enterprise district location.

~~(b)~~ **(c)** To receive the deduction allowed under subsection (a) **or (b)** for a particular year, a taxpayer must comply with the conditions set forth in this chapter.

~~(c)~~ **(d)** A taxpayer that makes a qualified investment in an enterprise zone established under IC 5-28-15-11 that is under the jurisdiction of a military base reuse authority board created under IC 36-7-14.5 or

IC 36-7-30-3 is entitled to a deduction under this section only if the deduction is approved by the legislative body of the unit that established the military base reuse authority board.

~~(d)~~ **(e)** Except as provided in subsection ~~(c),~~ **(d),** a taxpayer that makes a qualified investment at an enterprise zone location **or an entrepreneur and enterprise district location** that is located within an allocation area, as defined by IC 6-1.1-21.2-3, is entitled to a deduction under this section only if the deduction is approved by the:

(1) fiscal body of the unit, in the case of an allocation area established under IC 6-1.1-39;

(2) legislative body of the unit described in IC 8-22-3.5-1, in the case of an allocation area located in an airport development zone;

(3) legislative body of the unit that established the department of redevelopment, in the case of an allocation area established under IC 36-7-14;

(4) legislative body of the unit that established the redevelopment authority, in the case of an allocation area established under IC 36-7-14.5;

(5) legislative body of the consolidated city or excluded city that approved the establishment of the allocation area, in the case of an allocation area established under IC 36-7-15.1; or

(6) legislative body of the unit that established the reuse authority, in the case of an allocation area established under IC 36-7-30.

SECTION 10. IC 6-1.1-45-10, AS AMENDED BY P.L.211-2007, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 10. (a) A taxpayer that desires to claim the deduction provided by section 9 of this chapter for a particular year shall file a certified application, on forms prescribed by the department of local government finance, with the auditor of the county where the property for which the deduction is claimed was located on the assessment date. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. Except as provided in subsections (c) and (d), the application must be filed before May 15 of the assessment year to obtain the deduction.

(b) A taxpayer shall include on an application filed under this section all information that the department of local government finance and the corporation require to determine eligibility for the deduction provided under this chapter.

(c) The county auditor may grant a taxpayer an extension of not more than thirty (30) days to file the taxpayer's application if:

(1) the taxpayer submits a written application for an extension

before May 15 of the assessment year; and

(2) the taxpayer is prevented from filing a timely application because of sickness, absence from the county, or any other good and sufficient reason.

(d) An urban enterprise association created under IC 5-28-15-13 **in the case of a zone business or a district board in the case of a district business** may by resolution waive failure to file a:

(1) timely; or

(2) complete;

deduction application under this section. Before adopting a waiver under this section, the urban enterprise association shall conduct a public hearing on the waiver.

SECTION 11. IC 6-1.1-45-12, AS AMENDED BY P.L.211-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 12. (a) Subject to subsection (b), a taxpayer may claim a deduction under this chapter for property other than property located in a consolidated city for an assessment date that occurs after:

(1) the expiration of the enterprise zone in which the enterprise zone property for which the taxpayer made the qualified investment is located; **or**

(2) the expiration of the entrepreneur and enterprise district in which the entrepreneur and enterprise district property for which the taxpayer made the qualified investment under IC 5-28-15.5 is located.

(b) A taxpayer may not claim a deduction under this chapter for more than ten (10) years.

SECTION 12. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 46. Abatement Deduction for Vacant Buildings in an Entrepreneur and Enterprise District

Sec. 1. As used in this chapter, "district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.

Sec. 2. As used in this chapter, "district board" refers to an entrepreneur and enterprise district board designated under IC 5-28-15.5-5(b).

Sec. 3. As used in this chapter, "eligible vacant building" means a building that:

(1) is zoned for commercial or industrial purposes; and

(2) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as

evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the district board requires.

Sec. 4. The owner of an eligible vacant building may apply to a district board for a deduction under this chapter for the occupation of an eligible vacant building within a district. An application under this section must:

(1) be submitted to the district board before the owner or tenant of the eligible vacant building occupies the eligible vacant building; and

(2) include a statement of benefits specifying the following information:

(A) A description of the eligible vacant building that the property owner or a tenant of the property owner will occupy.

(B) An estimate of the number of individuals who will be employed or whose employment will be retained by the property owner or the tenant as a result of the occupation of the eligible vacant building, and an estimate of the annual salaries of those individuals.

(C) Information regarding efforts by the owner or a previous owner to sell, lease, or rent the eligible vacant building during the period the eligible vacant building was unoccupied.

(D) Information regarding the amount for which the eligible vacant building was offered for sale, lease, or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied.

(E) Any other information required by the district board.

Sec. 5. The department of local government finance shall prescribe a form for the application and statement of benefits under section 4 of this chapter. The application and statement of benefits are public records that may be inspected and copied under IC 5-14-3.

Sec. 6. (a) The district board shall review the application and the statement of benefits, and the district board shall determine whether the property owner should be granted a deduction under this chapter after the district board has made the following findings:

(1) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed

occupation of the eligible vacant building.

(2) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(3) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed occupation of the eligible vacant building.

(4) Whether the occupation of the eligible vacant building will increase the tax base and assist in the rehabilitation of the district.

(5) Whether the totality of benefits is sufficient to justify the deduction.

(b) A district board may adopt a resolution approving the application and statement of benefits and granting a deduction under this chapter if:

(1) the district board makes the findings required by subsection (a); and

(2) the granting of the deduction is approved by the fiscal body of the municipality in which the district is located.

Sec. 7. Except as otherwise provided in this chapter, if an application is approved by resolution of the district board and by resolution of the fiscal body of the municipality under section 6 of this chapter, the owner of the eligible vacant building is entitled to a deduction from the assessed value of the building if the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes. The property owner is entitled to the deduction:

(1) for the first year in which the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes; and

(2) for subsequent years determined in the abatement schedule under section 8 of this chapter in which the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes.

Sec. 8. The district board, with the approval by the fiscal body of the municipality in which the district is located, shall determine the abatement schedule for a deduction granted under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule

may not exceed ten (10) years.

Sec. 9. Subject to the requirements of this chapter, the amount of the deduction the property owner is entitled to receive under this section for a particular year equals the product of:

(1) the assessed value of the building or part of the building that is occupied by the property owner or a tenant of the property owner; multiplied by

(2) the percentage determined for the assessment date by the district board under section 8 of this chapter.

Sec. 10. (a) The district board shall send to the county auditor a certified copy of a resolution approving a deduction under this chapter. A property owner who desires to obtain a deduction granted under this chapter for an assessment date must file a certified deduction application, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is located. The property owner must file the deduction application with the county auditor before May 10 of the year that includes the assessment date and must provide a copy of the deduction application to the district board.

(b) A deduction application filed by the property owner with the county auditor must provide the county auditor and the district board with information showing the extent to which there has been compliance with the statement of benefits approved under section 6 of this chapter. This information must be included in the deduction application and must also be updated each year in which the deduction is applicable according to a schedule determined by the district board.

Sec. 11. (a) Not later than forty-five (45) days after receipt of the information described in section 10(b) of this chapter concerning compliance with the statement of benefits, the district board may determine whether the property owner has substantially complied with the statement of benefits. If the district board determines that the property owner has not substantially complied with the statement of benefits and that the failure to substantially comply was not caused by factors beyond the control of the property owner, the district board shall mail a written notice to the property owner. The written notice must include the following provisions:

(1) An explanation of the reasons for the district board's determination.

(2) The date, time, and place of a hearing to be conducted by the district board for the purpose of further considering the property owner's compliance with the statement of benefits.

The date of the hearing may not be more than thirty (30) days after the date on which the notice is mailed.

(b) On the date specified in the notice described in subsection (a)(2), the district board shall conduct a hearing for the purpose of further considering the property owner's compliance with the statement of benefits. Based on the information presented at the hearing by the property owner and other interested parties, the district board shall again determine whether the property owner has made reasonable efforts to substantially comply with the statement of benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner. If the district board determines that the property owner has not made reasonable efforts to comply with the statement of benefits, the district board shall adopt a resolution terminating the property owner's deduction under this chapter. If the district board adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes.

(c) If the district board adopts a resolution terminating a deduction under subsection (b), the district board shall immediately mail a certified copy of the resolution to:

(1) the property owner;

(2) the county auditor; and

(3) the county assessor.

The county auditor shall remove the deduction from the tax duplicate and shall notify the county treasurer of the termination of the deduction. If the district board's resolution is adopted after the county treasurer has mailed the statement required by IC 6-1.1-22-8.1, the county treasurer shall immediately mail the property owner a revised statement that reflects the termination of the deduction.

(d) A property owner whose deduction is terminated by the district board under this section may appeal the district board's decision by filing a complaint in the office of the clerk of the circuit or superior court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the district board or sustain the appeal. The judgment of the court is final and conclusive unless an appeal is taken as in other civil actions.

(e) If an appeal under subsection (d) is pending, the taxes resulting from the termination of the deduction are not due until after the appeal is finally adjudicated and the termination of the deduction is finally determined.

Sec. 12. A district board may, by resolution, do the following:

(1) Impose a fee for the filing of an application for a deduction under this section. The fee may be sufficient to defray actual processing and administrative costs associated with the application.

(2) Establish general written standards for the granting of a deduction under this section. The written standards must be reasonably related to accomplishing the purposes of this chapter.

SECTION 13. IC 6-3.1-1-3, AS AMENDED BY P.L.288-2013, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 3. A taxpayer (as defined in the following laws), pass through entity (as defined in the following laws), or shareholder, partner, or member of a pass through entity may not be granted more than one (1) tax credit under the following laws for the same project:

(1) IC 6-3.1-10 (enterprise zone investment cost credit).

(2) IC 6-3.1-11 (industrial recovery tax credit).

(3) IC 6-3.1-19 (community revitalization enhancement district tax credit).

(4) IC 6-3.1-24 (venture capital investment tax credit).

(5) IC 6-3.1-26 (Hoosier business investment tax credit).

(6) IC 6-3.1-31.9 (Hoosier alternative fuel vehicle manufacturer tax credit).

(7) IC 6-3.1-35 (collaborative innovation team tax credit).

(8) IC 6-3.1-36 (entrepreneur and enterprise district job creation tax credit).

(9) IC 6-3.1-37 (tax credits for capital investments in certain small businesses within an entrepreneur and enterprise district).

(10) IC 6-3.1-38 (technology transfer tax credit).

If a taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity has been granted more than one (1) tax credit for the same project, the taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity must elect to apply only one (1) of the tax credits in the manner and form prescribed by the department.

SECTION 14. IC 6-3.1-35 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE

JULY 1, 2017]:

Chapter 35. Collaborative Innovation Team Tax Credit

Sec. 1. As used in this chapter, "base amount" means the amount of qualified expenses that are incurred by a taxpayer in the territory of a district during the calendar year preceding the designation of the district.

Sec. 2. As used in this chapter, "collaborative innovation team" means two (2) or more individuals from one (1) or more businesses working collaboratively toward innovation.

Sec. 3. As used in this chapter, "district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.

Sec. 4. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 5. As used in this chapter, "qualified expenses" means the sum of the following:

(1) The amount of Indiana qualified research expenses that are incurred:

(A) by a taxpayer in a district for or on behalf of a collaborative innovation team; and

(2) for the purpose of developing a product for commercial use.

(2) The amount of any other expenses that are incurred by a taxpayer in a district for the support and operation of a collaborative innovation team in developing a product for commercial use, including expenses paid by the taxpayer for equipment, machinery, personnel expenses, fees, facility rental costs, or business incubator rental fees.

Sec. 6. As used in this chapter, "qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code).

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 6-5.5 (the financial institutions tax); and

(3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this

chapter.

Sec. 8. As used in this chapter, "taxpayer" means an individual or entity, including a pass through entity, that has any state tax liability.

Sec. 9. Subject to the requirements of this chapter, a taxpayer is entitled to a credit under this chapter against the taxpayer's state tax liability for the taxable year if:

(1) the taxpayer incurs qualified expenses during the taxable year; and

(2) the amount of qualified research expenses described in subdivision (1) exceeds the taxpayer's base amount.

Sec. 10. (a) The amount of the credit to which a taxpayer is entitled under this chapter for a taxable year is equal to:

(1) subject to subsection (b), the taxpayer's qualified expenses for the taxable year; multiplied by

(2) the applicable percentage specified by subsection (c) for the taxpayer's qualified expenses.

(b) The total amount of a taxpayer's qualified expenses for which a taxpayer may claim a credit under this chapter may not exceed the lesser of:

(1) one million dollars ($1,000,000); or

(2) the difference between:

(A) the amount of qualified expenses that are incurred by the taxpayer for the taxable year; minus

(B) the taxpayer's base amount.

(c) The following applicable percentages shall be used in calculating the credit for a particular qualified expense:

(1) In the case of a qualified expense incurred by a taxpayer for or on behalf of a collaborative innovation team that includes only individuals who are employees or independent contractors of the taxpayer, the applicable percentage is fifteen percent (15%).

(2) In the case of a qualified expense incurred by a taxpayer for or on behalf of a collaborative innovation team that includes both:

(A) individuals who are employees or independent contractors of the taxpayer; and

(B) individuals who are employees or independent contractors of one (1) or more other taxpayers, institutions of higher education, or nonprofit institutions;

the applicable percentage is twenty-five percent (25%).

Sec. 11. A taxpayer may not claim a credit under this chapter

for qualified expenses if the taxpayer has claimed the credit under IC 6-3.1-4 for those same qualified expenses.

Sec. 12. A taxpayer is not entitled to any carryback or refund of any unused credit. However, a taxpayer may carry forward an unused credit for not more than nine (9) consecutive taxable years, beginning with the taxable year after the taxable year in which the taxpayer incurs the qualified expenses.

Sec. 13. (a) If a pass through entity does not have state income tax liability against which the credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

(b) The credit provided under subsection (a) is in addition to any credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and a shareholder, partner, or member of the pass through entity may not claim a credit under this chapter for the same qualified expenses.

Sec. 14. To receive the credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit under this chapter and for the determination of whether an expense paid by a taxpayer is a qualified expense.

Sec. 15. The department shall report, not later than December 15 each year, to the corporation, the budget committee, and to each district concerning the use of the tax credit under this chapter.

SECTION 15. IC 6-3.1-36 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 36. Entrepreneur and Enterprise District Job Creation Tax Credit

Sec. 1. As used in this chapter, "district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.

Sec. 2. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross

income tax under IC 6-3-2-2.8(2);
(2) a partnership;
(3) a limited liability company; or
(4) a limited liability partnership.

Sec. 3. As used in this chapter, "qualified taxpayer" means an individual or entity, including a pass through entity, that:
(1) employs two (2) or more employees; and
(2) carries out the individual's or entity's primary business operations within a district.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:
(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
(2) IC 6-5.5 (the financial institutions tax); and
(3) IC 27-1-18-2 (the insurance premiums tax);
as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. (a) Each taxable year, a qualified taxpayer is entitled to a credit as determined in this chapter against the qualified taxpayer's state tax liability for the additional employees that the qualified taxpayer employs in the district above the taxpayer's base period employment.

(b) For purposes of this chapter, a qualified taxpayer's base period employment is equal to the following:
(1) For a taxable year beginning after December 31, 2017, and before January 1, 2019, the base period employment is equal to the number of full-time employees employed in a district on January 1, 2018, by the qualified taxpayer.
(2) For a taxable year beginning after December 31, 2018, the base period employment is equal to the greater of:
(1) the number of full-time employees employed in a district on January 1, 2018, by the qualified taxpayer; or
(2) the greatest number of full-time employees the taxpayer employed on a single day in a district during any taxable year that:
(A) precedes the taxable year for which the credit is being determined; and
(B) begins after December 31, 2017.

(c) The amount of a qualified taxpayer's credit for a taxable year is equal to the amount determined in STEP FOUR of the following STEPS:
STEP ONE: Determine the greatest number of full-time

employees the taxpayer employed on a single day in a district during the taxable year.

STEP TWO: Determine the result of:

(A) the STEP ONE result; minus

(B) the qualified taxpayer's base period employment for the taxable year, as determined under subsection (b).

STEP THREE: If the STEP TWO result is zero (0) or less, the qualified taxpayer is not entitled to a credit under this chapter for the taxable year. If the STEP TWO result is greater than zero (0), determine the sum of the following for the full-time employees employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year:

(A) Multiply the number of those full-time employees who are employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year and who:

(i) have a wage rate that is equal to or greater than one hundred fifty percent (150%) of the average wage rate paid to employees in the county; and

(ii) receive employee benefits, such as employer provided health insurance or employer provided pension or retirement benefits or contributions;

by one thousand five hundred dollars ($1,500).

(B) Multiply the number of those full-time employees who are employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year and who:

(i) have a wage rate that is equal to or greater than one hundred fifty percent (150%) of the average wage rate paid to employees in the county; and

(ii) do not receive any employee benefits;

by one thousand two hundred fifty dollars ($1,250).

(C) Multiply the number of those full-time employees who are employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year and who:

(i) have a wage rate that is equal to or greater than one hundred twenty-five percent (125%) of the average wage rate paid to employees in the county but is less than one hundred fifty percent (150%) of the average wage rate paid to employees in the county; and

(ii) receive employee benefits, such as employer provided health insurance or employer provided pension or retirement benefits or contributions;

by one thousand dollars ($1,000).

(D) Multiply the number of those full-time employees who are employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year and who:

(i) have a wage rate that is equal to or greater than one hundred twenty-five percent (125%) of the average wage rate paid to employees in the county but is less than one hundred fifty percent (150%) of the average wage rate paid to employees in the county; and

(ii) do not receive any employee benefits;

by seven hundred fifty dollars ($750).

(E) Multiply the number of those full-time employees who are employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year and who have a wage rate that is equal to or greater than one hundred percent (100%) of the average wage rate paid to employees in the county but is less than one hundred twenty-five percent (125%) of the average wage rate paid to employees in the county by five hundred dollars ($500).

(F) Multiply the number of those full-time employees who are employed by the qualified taxpayer in the district during the taxable year above the qualified taxpayer's base period employment for the taxable year and who have a wage rate that is less than one hundred percent (100%) of the average wage rate paid to employees in the county by two hundred fifty dollars ($250).

Sec. 6. A qualified taxpayer may claim the credit against state tax liability under this chapter for hiring an additional full-time employee during the taxable year only to the extent the taxpayer does not claim a credit against state tax liability for hiring the additional full-time employee under another law.

Sec. 7. If a pass through entity does not have state tax liability for a taxable year but is otherwise entitled to the credit provided by this chapter, each shareholder, partner, or member of the pass through entity is entitled to a share of the tax credit equal to:

(1) the amount of the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 8. (a) If the credit under this chapter exceeds a qualified taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried forward to succeeding taxable years and used as a credit against the qualified taxpayer's state tax liability during those taxable years. Each time the credit is carried forward to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for not more than nine (9) taxable years following the first year for which the credit is claimed.

(b) A qualified taxpayer is not entitled to a carryback or refund of any unused credit under this chapter.

Sec. 9. To receive the credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The qualified taxpayer must submit to the department all information that the department determines is necessary for the calculation of the credit under this chapter and for the determination of whether the qualified taxpayer is eligible to claim a credit under this chapter.

SECTION 16. IC 6-3.1-37 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 37. Tax Credits for Capital Investments in Certain Small Businesses within an Entrepreneur and Enterprise District

Sec. 1. As used in this chapter, "capital investment" means debt or equity capital that is provided by a taxpayer to a business. However, the term does not include a loan that:

(1) is provided by a financial institution (as defined in IC 5-13-4-10); and

(2) is secured by a valid mortgage, security agreement, or other agreement or document that establishes a collateral or security position for the financial institution that is senior to all collateral or security interests of other taxpayers that provide debt or equity capital to the district business.

Sec. 2. As used in this chapter, "district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.

Sec. 3. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 4. As used in this chapter, "qualified business" means a business certified under section 8 of this chapter by the Indiana economic development corporation as a qualified business.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax), as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual.

Sec. 7. (a) Subject to the requirements of this chapter, each taxable year a taxpayer is entitled to a credit as determined in this chapter against the taxpayer's state tax liability if the taxpayer provides investment capital during the taxable year to a qualified business that is developing within the district a new technology related product or service in the areas of motor vehicle racing, health care, medical devices or medical device manufacturing, agriculture, agriculture or food technology, software, aerospace, music or other creative industries and related technologies, motor vehicles, or any advanced manufacturing.

(b) The amount of the credit under this chapter to which a taxpayer is entitled for a taxable year is equal to:

(1) the amount of the capital investment provided in the taxable year to the qualified business; multiplied by

(2) one (1) of the following:

(A) Thirty-five percent (35%), if the taxpayer provides the capital investment as part of a group of one (1) or more other taxpayers who are at the same time providing a capital investment to the business.

(B) Twenty-five percent (25%), if the taxpayer provides the capital on an individual basis but does not provide the capital investment as part of a group of one (1) or more other taxpayers who are at the same time providing a capital investment to the business.

Sec. 8. (a) The Indiana economic development corporation shall certify that a business is a qualified business if the corporation determines that the business:

(1) has its headquarters in Indiana;

(2) is primarily focused on developing a new technology related product or service in the areas of motor vehicle racing, health care, medical devices or medical device manufacturing, agriculture, agriculture or food technology, software, aerospace, music or other creative industries and related technologies, motor vehicles, or any advanced manufacturing;

(3) has had average annual revenues of less than ten million dollars ($10,000,000) in the two (2) years preceding the year in which the business received a capital investment from a taxpayer claiming a credit under this chapter;

(4) has:

(A) at least fifty percent (50%) of its employees residing in Indiana; or

(B) at least seventy-five percent (75%) of its assets located in Indiana; and

(5) is not engaged in a business involving:

(A) real estate;

(B) real estate development;

(C) insurance;

(D) professional services provided by an accountant, a lawyer, or a physician;

(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or

(F) oil and gas exploration.

(b) A business must apply to be certified as a qualified business on a form prescribed by the Indiana economic development corporation.

(c) If a business is certified as a qualified business under this section, the Indiana economic development corporation shall provide a copy of the certification to the investors in the qualified business for inclusion in tax filings.

(d) The Indiana economic development corporation may impose an application fee in the amount determined by the Indiana economic development corporation.

Sec. 9. If a pass through entity does not have state tax liability for a taxable year but is otherwise entitled to the tax credit provided by this chapter, each shareholder, partner, or member of the pass through entity is entitled to a share of the credit equal to:

(1) the amount of the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 10. (a) If the credit under this chapter exceeds a qualified taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried forward to succeeding taxable years and used as a credit against the qualified taxpayer's state tax liability during those taxable years. Each time the credit is carried forward to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for not more than nine (9) taxable years following the first year for which the credit is claimed.

(b) A qualified taxpayer is not entitled to a carryback or refund of any unused credit under this chapter.

Sec. 11. To receive the credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The qualified taxpayer must submit to the department all information that the department determines is necessary for the calculation of the credit under this chapter and for the determination of whether the qualified taxpayer is eligible to claim a credit under this chapter.

Sec. 12. The department shall report, not later than December 15 each year, to the corporation, the budget committee, and to each district concerning the use of the tax credit under this chapter.

SECTION 17. IC 6-3.1-38 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]:

Chapter 38. Technology Transfer Tax Credit

Sec. 1. As used in this chapter, "district" refers to an entrepreneur and enterprise district designated under IC 5-28-15.5.

Sec. 2. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 3. As used in this chapter, "qualified sale" means the following:

(1) The sale or licensing of a patent or a proprietary product,

process, or technology.

(2) The sale of all or part of a business, including the patents and the proprietary products, processes, and technologies of the business.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 6-5.5 (the financial institutions tax); and

(3) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual or entity, including a pass through entity, that has any state tax liability.

Sec. 6. (a) Subject to the requirements of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability under this chapter for the taxable year if all of the following conditions are satisfied:

(1) The taxpayer makes a qualified sale during the taxable year.

(2) The person that purchases or licenses the patent or the proprietary product, process, or technology or that purchases all or part of the business:

(A) is located in a district when the qualified sale occurs; or

(B) during the taxable year in which the qualified sale occurs, forms a new business that is located in a district and signs an agreement with the district board committing to remain in Indiana for at least five (5) years.

(3) The person purchases or licenses the patent or the proprietary product, process, or technology or purchases all or part of the business for the purpose of commercially developing the patent or the proprietary product, process, or technology that is purchased or licensed by the taxpayer or that is included in the purchase of a business.

(4) When the qualified sale occurs, the patent or the proprietary product, process, or technology that is purchased or licensed or that is held by the business that is purchased:

(A) is being used outside of Indiana;

(B) is held by a business that is outside of Indiana; or

(C) would, except for the qualified sale, be commercially

developed outside of Indiana.

(b) The amount of the credit to which a taxpayer is entitled under this chapter for a taxable year is equal to:

(1) the proceeds of the qualified sale made by the taxpayer during the taxable year; multiplied by

(2) a percentage equal to the following:

(A) Fifteen percent (15%), if:

(i) the patent or the proprietary product, process, or technology that is purchased or licensed is owned by a business that is located in Indiana; or

(ii) the business that is purchased is located in Indiana.

(B) Twenty-five percent (25%), if:

(i) the patent or the proprietary product, process, or technology that is purchased or licensed is owned by a business that is located outside Indiana; or

(ii) the business that is purchased is located outside Indiana.

Sec. 7. A taxpayer is not entitled to any carryback or refund of any unused credit. However, a taxpayer may carry forward an unused credit for not more than nine (9) consecutive taxable years.

Sec. 8. (a) If a pass through entity does not have state income tax liability against which the credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

(b) The credit provided under subsection (a) is in addition to any credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and a shareholder, partner, or member of the pass through entity may not claim a credit under this chapter for the same qualified investment.

Sec. 9. (a) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to the person that:

(1) purchased or licensed the patent or the proprietary product, process, or technology; or

(2) purchased all or part of the business;

as part of the qualified sale. A credit that is assigned under this subsection remains subject to this chapter.

(b) An assignment under subsection (a) must be in writing and both the taxpayer and the person to which the credit is assigned must report the assignment on their state tax returns for the year in which the assignment is made, in the manner prescribed by the department.

Sec. 10. To receive the tax credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the tax credit under this chapter and for the determination of whether the taxpayer is eligible for the credit.

Sec. 11. The department shall report, not later than December 15 each year, to the corporation, the budget committee, and to each district concerning the use of the credit under this chapter.

SECTION 18. IC 35-44.2-4-5, AS ADDED BY P.L.126-2012, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. **(a)** A person who unlawfully discloses enterprise zone information is subject to criminal prosecution under IC 5-28-15-8.

(b) A person who unlawfully discloses entrepreneur and enterprise district information is subject to criminal prosecution under IC 5-28-15.5-11 or IC 5-28-15.5-12.

SECTION 19. IC 35-52-5-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 12. IC 5-28-15.5-11 defines a crime concerning entrepreneur and enterprise districts.**

SECTION 20. IC 35-52-5-13 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: **Sec. 13. IC 5-28-15.5-12 defines a crime concerning entrepreneur and enterprise districts.**

SECTION 21. [EFFECTIVE JULY 1, 2017] **(a) IC 6-3.1-35, IC 6-3.1-36, IC 6-3.1-37, and IC 6-3.1-38, all as added by this act, apply to taxable years beginning after December 31, 2017.**

(b) This SECTION expires July 1, 2023.

SECTION 22. [EFFECTIVE JULY 1, 2017] **(a) IC 6-1.1-3-25 and IC 6-1.1-46, as added by this act, and IC 6-1.1-45, as amended by this act, apply to assessment dates after December 31, 2017.**

(b) This SECTION expires July 1, 2023.