



Reprinted
February 21, 2017

SENATE BILL No. 514

DIGEST OF SB 514 (Updated February 20, 2017 2:27 pm - DI 120)

Citations Affected: IC 5-28; IC 6-1.1; IC 6-3.1; IC 35-44.2; IC 35-52; noncode.

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 mayor of a city that is designated as a district must designate the board of directors of the district by doing one of the following: (1) Designate the urban enterprise association in that city as the board of directors of the district. (2) Appoint a board of directors of the district consisting of seven members selected by the mayor and the fiscal body of the city. 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. Provides that a taxpayer is not entitled to receive any of the following: (1) An enterprise zone loan interest credit for interest received on a loan made after December 31, 2017. (2) An enterprise zone investment cost credit for a qualified investment made after December 31, 2017.

Effective: July 1, 2017; January 1, 2018.

Hershman

January 17, 2017, read first time and referred to Committee on Tax and Fiscal Policy.
February 16, 2017, amended, reported favorably — Do Pass.
February 20, 2017, read second time, amended, ordered engrossed.

SB 514—LS 7505/DI 73



Reprinted
February 21, 2017

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:

1 SECTION 1. IC 5-28-15-3, AS AMENDED BY P.L.146-2008,
2 SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2018]: Sec. 3. As used in this chapter, "zone business"
4 means an entity that accesses at least one (1) tax credit, deduction, or
5 exemption incentive available under this chapter, IC 6-1.1-45,
6 IC 6-3-3-10, IC 6-3.1-7 (**before its expiration**), or IC 6-3.1-10 (**before**
7 **its expiration**).

8 SECTION 2. IC 5-28-15-10, AS AMENDED BY P.L.145-2016,
9 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2017]: Sec. 10. (a) Subject to subsection (b), an enterprise
11 zone expires ten (10) years after the day on which it is designated by
12 the board.

13 (b) In the period beginning December 1, 2008, and ending
14 December 31, 2014, an enterprise zone does not expire under this
15 section if the fiscal body of the municipality in which the enterprise
16 zone is located adopts a resolution renewing the enterprise zone for an
17 additional five (5) years. An enterprise zone may be renewed under this

SB 514—LS 7505/DI 73



1 subsection regardless of the number of times the enterprise zone has
 2 been renewed under subsections (d) and (e). A municipal fiscal body
 3 may adopt a renewal resolution and submit a copy of the resolution to
 4 the corporation:

5 (1) before August 1, 2009, in the case of an enterprise zone that
 6 expired after November 30, 2008, or is scheduled to expire before
 7 September 1, 2009; or

8 (2) at least thirty (30) days before the expiration date of the
 9 enterprise zone, in the case of an enterprise zone scheduled to
 10 expire after August 31, 2009.

11 If an enterprise zone is renewed under this subsection after having been
 12 renewed under subsection (e), the enterprise zone may not be renewed
 13 after the expiration of this final five (5) year period, except under
 14 subsection (c).

15 (c) An enterprise zone does not expire under this section if the fiscal
 16 body of the municipality in which the enterprise zone is located:

17 (1) has adopted a resolution renewing the enterprise zone under
 18 subsection (b); and

19 (2) adopts a resolution renewing the enterprise zone for an
 20 additional one (1) year period beginning on the date on which the
 21 enterprise zone would otherwise expire under the resolution
 22 adopted under subdivision (1).

23 An enterprise zone may be renewed for an additional one (1) year
 24 period under this subsection regardless of the number of times the
 25 enterprise zone has been renewed under subsections (d) and (e). A
 26 municipal fiscal body may adopt a renewal resolution and submit a
 27 copy of the resolution to the corporation at least thirty (30) days before
 28 the expiration date of the enterprise zone. If an enterprise zone is
 29 renewed for an additional one (1) year period under this subsection
 30 after having been renewed under subsection (e), the enterprise zone
 31 may not be renewed after the expiration of this final one (1) year
 32 period.

33 (d) The two (2) year period immediately before the day on which the
 34 enterprise zone expires is the phaseout period. During the phaseout
 35 period, the board may review the success of the enterprise zone based
 36 on the following criteria and may, ~~with the consent of~~ **after review by**
 37 the budget committee, renew the enterprise zone, including all
 38 provisions of this chapter, for five (5) years:

39 (1) Increases in capital investment in the zone.

40 (2) Retention of jobs and creation of jobs in the zone.

41 (3) Increases in employment opportunities for residents of the
 42 zone.



1 (e) If an enterprise zone is renewed under subsection (d), the two (2)
 2 year period immediately before the day on which the enterprise zone
 3 expires is another phaseout period. During the phaseout period, the
 4 board may review the success of the enterprise zone based on the
 5 criteria set forth in subsection (d) and, ~~with the consent of~~ **after review**
 6 **by** the budget committee, may again renew the enterprise zone,
 7 including all provisions of this chapter, for a final period of five (5)
 8 years. The zone may not be renewed after the expiration of this final
 9 five (5) year period.

10 SECTION 3. IC 5-28-15.5 IS ADDED TO THE INDIANA CODE
 11 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2017]:

13 **Chapter 15.5. Entrepreneur and Enterprise District Pilot**
 14 **Program**

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

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

21 **Sec. 3. As used in this chapter, "district business" means an**
 22 **entity that accesses at least one (1) tax credit, tax deduction, or**
 23 **incentive available under this chapter, IC 6-1.1-3-25, IC 6-1.1-45,**
 24 **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.**

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

- 27 (1) The city of Lafayette.
- 28 (2) The city of Fort Wayne.

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

- 31 (1) Designate one (1) entrepreneur and enterprise district in
 32 the city of Lafayette.
- 33 (2) Designate one (1) entrepreneur and enterprise district in
 34 the city of Fort Wayne.

35 **(b) If the board designates a district in a city listed in subsection**
 36 **(a), the mayor of the city shall designate the board of directors of**
 37 **the district by doing one (1) of the following:**

- 38 (1) Designate the urban enterprise association established
 39 under IC 5-28-15-13 for an enterprise zone in the city as the
 40 board of directors of the district.
- 41 (2) Appoint a board of directors of the district consisting of
 42 seven (7) members as follows:



1 (A) Four (4) members selected by the mayor of the city.

2 (B) Three (3) members selected by the fiscal body of the
3 city.

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

9 (b) The corporation shall specify:

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

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

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

18 (1) The proposed district has a poverty level in which twenty
19 percent (20%) of the households in the district are below the
20 poverty level as established by the most recent United States
21 census or an average rate of unemployment for the most
22 recent eighteen (18) month period for which data is available
23 that is at least one and one-half (1 1/2) times the average
24 statewide rate of unemployment for the same eighteen (18)
25 month period.

26 (2) The proposed district has a population that is:

27 (A) more than two thousand (2,000) but not more than
28 forty thousand (40,000); or

29 (B) at least equal to:

30 (i) the population of the qualified municipality;
31 multiplied by

32 (ii) ten percent (10%);

33 whichever is greater.

34 (3) The territory of the proposed district contains:

35 (A) not more than four (4) square miles; or

36 (B) not more than ten percent (10%) of the territory of the
37 qualified municipality;

38 whichever is greater.

39 (4) The proposed district contains a:

40 (A) coworking facility;

41 (B) business incubator; or

42 (C) business support facility;



- 1 that the corporation approves as able to provide sufficient
- 2 resources for district businesses.
- 3 **(b) If an applicant has met all of the threshold criteria of**
- 4 **subsection (a), the board shall evaluate the application, arrive at a**
- 5 **decision based on all of the following factors, and either designate**
- 6 **a district or reject the application:**
- 7 **(1) The level of poverty, unemployment, and general distress**
- 8 **of the proposed district in comparison with other**
- 9 **municipalities and the expression of need for a district over**
- 10 **and above the threshold criteria of subsection (a).**
- 11 **(2) The evidence of support for designation of the district by**
- 12 **residents, businesses, and private organizations in the**
- 13 **proposed district, and the demonstration of a willingness**
- 14 **among those district constituents to participate in the**
- 15 **revitalization of the proposed district.**
- 16 **(3) The efforts by the qualified municipality to reduce the**
- 17 **impediments to development in the proposed district,**
- 18 **including but not limited to the following:**
- 19 **(A) A procedure for streamlining local government**
- 20 **regulations and permit procedures.**
- 21 **(B) Crime prevention activities involving district residents.**
- 22 **(C) A plan for infrastructure improvements capable of**
- 23 **supporting increased development activity.**
- 24 **(4) Significant efforts to encourage the reuse of existing**
- 25 **district structures in new development activities to preserve**
- 26 **the existing character of the neighborhood, where**
- 27 **appropriate.**
- 28 **(5) The proposed managerial structure of the district and the**
- 29 **capacity of the district board to carry out the goals and**
- 30 **purposes of this chapter.**
- 31 **Sec. 8. A district expires on the earlier of the following:**
- 32 **(1) Five (5) years after the date on which it is designated as a**
- 33 **district by the board.**
- 34 **(2) December 31, 2022.**
- 35 **Sec. 9. (a) The board has the following powers, in addition to**
- 36 **other powers that are contained in this chapter:**
- 37 **(1) To review and approve or reject applicants for designation**
- 38 **as a district, according to the criteria for designation that this**
- 39 **chapter provides.**
- 40 **(2) To waive or modify rules as provided in this chapter.**
- 41 **(3) To adopt rules for the disqualification of a district business**
- 42 **from eligibility for one (1) or more tax credits, tax deductions,**



1 or other incentives available to district businesses, if that
2 district business does not do one (1) of the following:

3 (A) If all its tax credits, tax deductions, and other
4 incentives, as contained in the summary required under
5 section 11 of this chapter, exceed one thousand dollars
6 (\$1,000) in any year, pay a registration fee to the
7 corporation in an amount equal to one percent (1%) of all
8 its incentives.

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

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

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

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

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

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

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

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

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

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

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



1 notify the corporation, the department of local government
 2 finance, and the department of state revenue in writing not more
 3 than thirty (30) days after the passage of the ordinance
 4 disqualifying the district business. Disqualification of a district
 5 business under this section is effective beginning with the taxable
 6 year in which the ordinance disqualifying the district business is
 7 adopted.

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

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

14 (b) The fund consists of:

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

17 (2) any appropriations from the general assembly.

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

20 (1) pay the expenses of administering the fund;

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

23 (3) provide grants to a district board; and

24 (4) pay administrative expenses of district boards.

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

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

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

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

41 (1) submit to the corporation and to the district board, on a
 42 form prescribed by the corporation, a verified summary



1 concerning the amount of tax credits, tax deductions, and
 2 other incentives claimed by the district business in the
 3 preceding year;

4 (2) pay the amount specified in section 9(a)(3) of this chapter
 5 to the corporation; and

6 (3) pay the amount determined under section 9(c) of this
 7 chapter to the district board.

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

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

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

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

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

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



1 under this subsection in the entrepreneur and enterprise district
2 pilot program fund.

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

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

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

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

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

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

19 (1) The board.

20 (2) A district board.

21 (3) The department of state revenue.

22 (4) The corporation.

23 (5) The department of local government finance.

24 (6) A county auditor.

25 (7) A county or township assessor.

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

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

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



- 1 of this chapter.
- 2 **Sec. 14. (a) A district board shall do the following:**
- 3 (1) **Coordinate development activities within the district.**
- 4 (2) **Serve as a catalyst for development within the district.**
- 5 (3) **Promote the district to outside groups and individuals.**
- 6 (4) **Establish a formal line of communication with residents**
- 7 **and businesses in the district.**
- 8 (5) **Act as a liaison among residents, businesses, the**
- 9 **municipality, and the board for any development activity that**
- 10 **may affect the district or district residents.**
- 11 **(b) A district board may do the following:**
- 12 (1) **Initiate and coordinate any community development**
- 13 **activities that improve the physical environment or encourage**
- 14 **the turnover or retention of capital in the district.**
- 15 (2) **Recommend that the board modify a district boundary or**
- 16 **disqualify a district business from eligibility for one (1) or**
- 17 **more tax credits, tax deductions, or other incentives available**
- 18 **to district businesses.**
- 19 (c) **The district board may request, by majority vote, that the**
- 20 **legislative body of the municipality in which the district is located**
- 21 **modify or waive any municipal ordinance or regulation that is in**
- 22 **effect in the district. The legislative body may, by ordinance, waive**
- 23 **or modify the operation of the ordinance or regulation, if the**
- 24 **ordinance or regulation does not affect health (including**
- 25 **environmental health), safety, civil rights, or employment rights.**
- 26 (d) **The district board may request, by majority vote, that the**
- 27 **board waive or modify any state rule that is in effect in the district.**
- 28 **The board shall review the request and may approve, modify, or**
- 29 **reject the request. Approval or modification by the board shall**
- 30 **take place after review by the appropriate state agency. A**
- 31 **modification may include but is not limited to establishing different**
- 32 **compliance or reporting requirements, timetables, or exemptions**
- 33 **in the district for a business or an individual, to the extent that the**
- 34 **modification does not adversely affect health (including**
- 35 **environmental health), safety, employment rights, or civil rights.**
- 36 **An approval or a modification of a state rule by the board takes**
- 37 **effect upon the approval of the governor. In no case are the**
- 38 **provisions of IC 22-2-2 and IC 22-7-1-2 affected by this chapter.**
- 39 **Sec. 15. (a) Any business that substantially reduces or ceases an**
- 40 **operation located in Indiana and outside a district (referred to as**
- 41 **a nondistrict operation) in order to relocate in a district is**
- 42 **disqualified from benefits or incentives available to district**



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

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

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

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

- 24 (i) one hundred (100) employees; or
- 25 (ii) twenty-five percent (25%) of all employees.

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

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

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

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

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

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

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



- 1 **(B) The space available at the location of the nondistrict**
 2 **operation cannot accommodate planned expansion needed**
 3 **by the business.**
- 4 **(C) The building for the nondistrict operation has been**
 5 **certified as uninhabitable by a state or local building**
 6 **authority.**
- 7 **(D) The building for the nondistrict operation has been**
 8 **totally destroyed through no fault of the business.**
- 9 **(E) The renovation and construction costs at the location**
 10 **of the nondistrict operation are more than one and**
 11 **one-half (1 1/2) times the costs of purchase, renovation,**
 12 **and construction of a facility in the district, as certified by**
 13 **three (3) independent estimates.**
- 14 **A business is eligible for benefits and incentives under clause**
 15 **(C) or (D) only if renovation and construction costs at the**
 16 **location of the nondistrict operation are more than one and**
 17 **one-half (1 1/2) times the cost of purchase, renovation, and**
 18 **construction of a facility in the district. These costs must be**
 19 **certified by three (3) independent estimates.**
- 20 **(2) The business has not terminated or reduced the pension or**
 21 **health insurance obligations payable to employees or former**
 22 **employees of the nondistrict operation without the consent of**
 23 **the employees.**
- 24 **(c) The hearing panel shall deliver to the business and to any**
 25 **person who testified before the panel in favor of disqualification of**
 26 **the business a copy of the panel's recommended order. The**
 27 **business and these persons shall be considered parties for purposes**
 28 **of this section.**
- 29 **(d) A party who wishes to oppose the board's adoption of the**
 30 **recommended order of the hearing panel shall, not later than ten**
 31 **(10) days after the party's receipt of the recommended order, file**
 32 **written objections with the board. If the objections are filed, the**
 33 **board shall set the objections for oral argument and give notice to**
 34 **the parties. A party at its own expense may cause to be filed with**
 35 **the board a transcript of the oral testimony or any other part of**
 36 **the record of the proceedings. The oral argument shall be on the**
 37 **record filed with the board. The board may hear additional**
 38 **evidence or remand the action to the hearing panel with**
 39 **instructions appropriate to the expeditious and proper disposition**
 40 **of the action. The board may adopt the recommendations of the**
 41 **hearing panel, may amend or modify the recommendations, or may**
 42 **make an order or determination as is proper on the record.**



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

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

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

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

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

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

22 **Sec. 18. If a district is designated under this chapter, the**
 23 **corporation shall before November 1, 2018, and before November**
 24 **1 of each year thereafter submit a report to the budget committee**
 25 **and (in an electronic format under IC 5-14-6) the legislative council**
 26 **concerning the economic development efforts within the district**
 27 **during the preceding year, including any tax credits, tax**
 28 **deductions, and other incentives claimed by district businesses or**
 29 **related to district businesses.**

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

31 SECTION 4. IC 5-28-28-4, AS AMENDED BY P.L.190-2014,
 32 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JANUARY 1, 2018]: Sec. 4. As used in this chapter, "tax credit" means
 34 a state tax liability credit under any of the following:

35 (1) IC 6-3.1-7 (before its expiration).

36 (2) IC 6-3.1-13.

37 (3) IC 6-3.1-26.

38 (4) IC 6-3.1-30.

39 (5) IC 6-3.1-31.9.

40 SECTION 5. IC 6-1.1-3-25 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 2017]: **Sec. 25. (a) As used in this section, "district" refers to an**



1 entrepreneur and enterprise district designated under
2 IC 5-28-15.5.

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

5 (1) is located in a district;

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

9 (3) is used within the district by one (1) or more employees
10 who perform the majority of their service within the district;
11 is not subject to the valuation limitations in 50 IAC 4.2-4-9 or 50
12 IAC 5.1-6-9.

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

22 SECTION 7. IC 6-1.1-45-3.5 IS ADDED TO THE INDIANA
23 CODE AS A NEW SECTION TO READ AS FOLLOWS
24 [EFFECTIVE JULY 1, 2017]: Sec. 3.5. "**District business**" has the
25 meaning set forth in IC 5-28-15.5-3.

26 SECTION 8. IC 6-1.1-45-6.2 IS ADDED TO THE INDIANA
27 CODE AS A NEW SECTION TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2017]: Sec. 6.2. "**Entrepreneur and**
29 **enterprise district**" refers to an entrepreneur and enterprise
30 district designated under IC 5-28-15.5.

31 SECTION 9. IC 6-1.1-45-6.4 IS ADDED TO THE INDIANA
32 CODE AS A NEW SECTION TO READ AS FOLLOWS
33 [EFFECTIVE JULY 1, 2017]: Sec. 6.4. "**Entrepreneur and**
34 **enterprise district location**" means a lot, parcel, or tract of land
35 located in an entrepreneur and enterprise district.

36 SECTION 10. IC 6-1.1-45-6.6 IS ADDED TO THE INDIANA
37 CODE AS A NEW SECTION TO READ AS FOLLOWS
38 [EFFECTIVE JULY 1, 2017]: Sec. 6.6. "**Entrepreneur and**
39 **enterprise district property**" refers to real and tangible personal
40 property that is located within an entrepreneur and enterprise
41 district on an assessment date.

42 SECTION 11. IC 6-1.1-45-7, AS ADDED BY P.L.214-2005,



1 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2017]: Sec. 7. As used in this chapter, "qualified investment"
3 means any of the following expenditures relating to an enterprise zone
4 location **or entrepreneur and enterprise district location** on which
5 a taxpayer's zone business **or district business** is located:

- 6 (1) The purchase of a building.
- 7 (2) The purchase of new manufacturing or production equipment.
- 8 (3) Costs associated with the repair, rehabilitation, or
9 modernization of an existing building and related improvements.
- 10 (4) Onsite infrastructure improvements.
- 11 (5) The construction of a new building.
- 12 (6) Costs associated with retooling existing machinery.
- 13 **(7) In the case of an entrepreneur and enterprise district, the**
14 **purchase of:**

15 **(A) new information technology equipment (as defined in**
16 **IC 6-1.1-12.1-1);**

17 **(B) new logistical distribution equipment (as defined in**
18 **IC 6-1.1-12.1-1); or**

19 **(C) new research and development equipment (as defined**
20 **in IC 6-1.1-12.1-1).**

21 SECTION 12. IC 6-1.1-45-9, AS AMENDED BY P.L.146-2008,
22 SECTION 304, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2017]: Sec. 9. (a) Subject to subsection ~~(e)~~, **(d)**,
24 a taxpayer that makes a qualified investment is entitled to a deduction
25 from the assessed value of the taxpayer's enterprise zone property
26 located at the enterprise zone location for which the taxpayer made the
27 qualified investment. The amount of the deduction is equal to the
28 remainder of:

29 (1) the total amount of the assessed value of the taxpayer's
30 enterprise zone property assessed at the enterprise zone location
31 on a particular assessment date; minus

32 (2) the total amount of the base year assessed value for the
33 enterprise zone location.

34 **(b) Subject to subsection (c), a taxpayer that makes a qualified**
35 **investment is entitled to a deduction from the assessed value of the**
36 **taxpayer's entrepreneur and enterprise district property located**
37 **at the entrepreneur and enterprise district location for which the**
38 **taxpayer made the qualified investment. The amount of the**
39 **deduction is equal to the remainder of:**

40 **(1) the total amount of the assessed value of the taxpayer's**
41 **entrepreneur and enterprise district property assessed at the**
42 **entrepreneur and enterprise district location on a particular**



1 **assessment date; minus**

2 **(2) the total amount of the base year assessed value for the**
 3 **entrepreneur and enterprise district location.**

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

7 ~~(c)~~ **(d)** A taxpayer that makes a qualified investment in an enterprise
 8 zone established under IC 5-28-15-11 that is under the jurisdiction of
 9 a military base reuse authority board created under IC 36-7-14.5 or
 10 IC 36-7-30-3 is entitled to a deduction under this section only if the
 11 deduction is approved by the legislative body of the unit that
 12 established the military base reuse authority board.

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

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

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

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

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

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

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

33 SECTION 13. IC 6-1.1-45-10, AS AMENDED BY P.L.211-2007,
 34 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2017]: Sec. 10. (a) A taxpayer that desires to claim the
 36 deduction provided by section 9 of this chapter for a particular year
 37 shall file a certified application, on forms prescribed by the department
 38 of local government finance, with the auditor of the county where the
 39 property for which the deduction is claimed was located on the
 40 assessment date. The application may be filed in person or by mail. If
 41 mailed, the mailing must be postmarked on or before the last day for
 42 filing. Except as provided in subsections (c) and (d), the application



1 must be filed before May 15 of the assessment year to obtain the
2 deduction.

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

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

9 (1) the taxpayer submits a written application for an extension
10 before May 15 of the assessment year; and

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

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

17 (1) timely; or

18 (2) complete;

19 deduction application under this section. Before adopting a waiver
20 under this section, the urban enterprise association **or the district**
21 **board** shall conduct a public hearing on the waiver.

22 SECTION 14. IC 6-1.1-45-12, AS AMENDED BY P.L.211-2007,
23 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2017]: Sec. 12. (a) Subject to subsection (b), a taxpayer may
25 claim a deduction under this chapter for property other than property
26 located in a consolidated city for an assessment date that occurs after:

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

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

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

36 SECTION 15. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE
37 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
38 JULY 1, 2017]:

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

41 **Sec. 1. As used in this chapter, "district" refers to an**
42 **entrepreneur and enterprise district designated under**



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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



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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**



1 schedule under section 8 of this chapter in which the property
2 owner or a tenant of the property owner occupies the eligible
3 vacant building and uses it for commercial or industrial
4 purposes.

5 **Sec. 8.** The district board, with the approval by the fiscal body
6 of the municipality in which the district is located, shall determine
7 the abatement schedule for a deduction granted under this chapter.
8 An abatement schedule must specify the percentage amount of the
9 deduction for each year of the deduction. An abatement schedule
10 may not exceed ten (10) years.

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

- 14 (1) the assessed value of the building or part of the building
15 that is occupied by the property owner or a tenant of the
16 property owner; multiplied by
17 (2) the percentage determined for the assessment date by the
18 district board under section 8 of this chapter.

19 **Sec. 10. (a)** The district board shall send to the county auditor
20 a certified copy of a resolution approving a deduction under this
21 chapter. A property owner who desires to obtain a deduction
22 granted under this chapter for an assessment date must file a
23 certified deduction application, on forms prescribed by the
24 department of local government finance, with the auditor of the
25 county in which the property is located. The property owner must
26 file the deduction application with the county auditor before May
27 15 of the year that includes the assessment date and must provide
28 a copy of the deduction application to the district board.

29 (b) A deduction application filed by the property owner with the
30 county auditor must provide the county auditor and the district
31 board with information showing the extent to which there has been
32 compliance with the statement of benefits approved under section
33 6 of this chapter. This information must be included in the
34 deduction application and must also be updated each year in which
35 the deduction is applicable according to a schedule determined by
36 the district board.

37 **Sec. 11. (a)** Not later than forty-five (45) days after receipt of the
38 information described in section 10(b) of this chapter concerning
39 compliance with the statement of benefits, the district board may
40 determine whether the property owner has substantially complied
41 with the statement of benefits. If the district board determines that
42 the property owner has not substantially complied with the



1 statement of benefits and that the failure to substantially comply
 2 was not caused by factors beyond the control of the property
 3 owner, the district board shall mail a written notice to the property
 4 owner. The written notice must include the following provisions:

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

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

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

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

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

- 31 (1) the property owner;
 32 (2) the county auditor; and
 33 (3) the county assessor.

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

41 (d) A property owner whose deduction is terminated by the
 42 district board under this section may appeal the district board's



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

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

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

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

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

23 SECTION 16. IC 6-3.1-1-3, AS AMENDED BY P.L.288-2013,
 24 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2017]: Sec. 3. A taxpayer (as defined in the following laws),
 26 pass through entity (as defined in the following laws), or shareholder,
 27 partner, or member of a pass through entity may not be granted more
 28 than one (1) tax credit under the following laws for the same project:

29 (1) IC 6-3.1-10 (enterprise zone investment cost credit) **(before**
 30 **its expiration).**

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

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

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

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

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

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

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

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



1 **district).**

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

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

9 SECTION 17. IC 6-3.1-7-8 IS ADDED TO THE INDIANA CODE
10 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE
11 JANUARY 1, 2018]: **Sec. 8. (a) Notwithstanding any other law, a**
12 **taxpayer is not entitled to receive a credit under this chapter for**
13 **interest received on a qualified loan made after December 31, 2017.**
14 **However, this section may not be construed to prevent a taxpayer**
15 **from carrying an unused tax credit attributable to a qualified loan**
16 **made before January 1, 2018, forward to a taxable year beginning**
17 **after December 31, 2017, and before January 1, 2028, in the**
18 **manner provided by section 3 of this chapter.**

19 **(b) This chapter expires January 1, 2028.**

20 SECTION 18. IC 6-3.1-10-10 IS ADDED TO THE INDIANA
21 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
22 [EFFECTIVE JANUARY 1, 2018]: **Sec. 10. (a) Notwithstanding any**
23 **other law and except as provided in subsection (b), a taxpayer is**
24 **entitled to receive a credit under this chapter only for a qualified**
25 **investment made before January 1, 2018.**

26 **(b) A taxpayer is entitled to receive a credit for a qualified**
27 **investment made after December 31, 2017, and before January 1,**
28 **2028, if the qualified investment is approved by the corporation**
29 **before January 1, 2018.**

30 **(c) This section may not be construed to prevent a taxpayer**
31 **from carrying an unused tax credit attributable to a qualified**
32 **investment made before January 1, 2018, or made as provided in**
33 **subsection (b) forward to a taxable year beginning after December**
34 **31, 2017, and before January 1, 2028, in the manner provided by**
35 **section 7 of this chapter.**

36 **(d) This chapter expires January 1, 2028.**

37 SECTION 19. IC 6-3.1-35 IS ADDED TO THE INDIANA CODE
38 AS A **NEW CHAPTER TO READ AS FOLLOWS** [EFFECTIVE
39 JULY 1, 2017]:

40 **Chapter 35. Collaborative Innovation Team Tax Credit**

41 **Sec. 1. As used in this chapter, "base amount" means the**
42 **amount of qualified expenses that are incurred by a taxpayer in the**



1 territory of a district during the calendar year preceding the
2 designation of the district.

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

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

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

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

12 (2) a partnership;

13 (3) a limited liability company; or

14 (4) a limited liability partnership.

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

17 (1) The amount of Indiana qualified research expenses that
18 after the designation of a district are incurred:

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

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

23 (2) The amount of any other expenses that after the
24 designation of a district are incurred by a taxpayer in the
25 district for the support and operation of a collaborative
26 innovation team in developing a product for commercial use,
27 including expenses paid by the taxpayer for equipment,
28 machinery, personnel expenses, fees, facility rental costs, or
29 business incubator rental fees. For purposes of this subsection,
30 a product is under development until its first commercial
31 application, as determined by the department.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

21 (2) the difference between:

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

24 (B) the taxpayer's base amount.

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

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

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

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

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

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

41 **Sec. 11.** A taxpayer may not claim a credit under this chapter
 42 for qualified expenses if the taxpayer has claimed the credit under



1 IC 6-3.1-4 for those same qualified expenses.

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

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

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

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

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

22 Sec. 14. The provisions of Section 41 of the Internal Revenue
23 Code and the regulations promulgated in respect to those
24 provisions are applicable to the interpretation and administration
25 by the department of the credit provided by this chapter, including
26 the allocation and pass through of the credit to various taxpayers
27 and the transitional rules for determination of the base period.

28 Sec. 15. In prescribing standards for determining which
29 qualified research expenses are considered Indiana qualified
30 research expenses for purposes of computing the credit provided
31 by this chapter, the department may consider:

32 (1) the place where the services are performed;

33 (2) the residence or business location of the person or persons
34 performing the services;

35 (3) the place where qualified research supplies are consumed;
36 and

37 (4) other factors that the department determines are relevant
38 for the determination.

39 Sec. 16. Notwithstanding Section 41 of the Internal Revenue
40 Code, the termination date in Section 41(h) of the Internal Revenue
41 Code does not apply to a taxpayer who is eligible for the credit
42 under this chapter for the taxable year in which the Indiana



1 qualified research expense is incurred.

2 **Sec. 17. (a)** To receive the credit under this chapter, a taxpayer
3 must claim the credit on the taxpayer's annual state tax return or
4 returns in the manner prescribed by the department. The taxpayer
5 shall submit to the department all information that the department
6 determines is necessary for the calculation of the credit under this
7 chapter and for the determination of whether an expense paid by
8 a taxpayer is a qualified expense.

9 **(b)** The amount of tax credits that may be awarded under this
10 chapter in a particular district may not exceed three million dollars
11 (\$3,000,000) in a state fiscal year.

12 **Sec. 18.** The department shall report, not later than December
13 15 each year, to the corporation, the budget committee, and to each
14 district concerning the use of the tax credit under this chapter.

15 SECTION 20. IC 6-3.1-36 IS ADDED TO THE INDIANA CODE
16 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
17 JULY 1, 2017]:

18 **Chapter 36. Entrepreneur and Enterprise District Job Creation**
19 **Tax Credit**

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

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

- 24 (1) a corporation that is exempt from the adjusted gross
25 income tax under IC 6-3-2-2.8(2);
26 (2) a partnership;
27 (3) a limited liability company; or
28 (4) a limited liability partnership.

29 **Sec. 3.** As used in this chapter, "qualified taxpayer" means an
30 individual or entity, including a pass through entity, that:

- 31 (1) employs two (2) or more employees; and
32 (2) carries out the individual's or entity's primary business
33 operations within a district.

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

- 36 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
37 (2) IC 6-5.5 (the financial institutions tax); and
38 (3) IC 27-1-18-2 (the insurance premiums tax);

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

42 **Sec. 5. (a)** Each taxable year, a qualified taxpayer is entitled to



1 a credit as determined in this chapter against the qualified
 2 taxpayer's state tax liability for the additional employees that the
 3 qualified taxpayer employs in the district above the taxpayer's base
 4 period employment.

5 (b) For purposes of this chapter, a qualified taxpayer's base
 6 period employment is equal to the following:

7 (1) For a taxable year beginning after December 31, 2017, and
 8 before January 1, 2019, the base period employment is equal
 9 to the number of full-time employees employed in a district on
 10 January 1, 2018, by the qualified taxpayer.

11 (2) For a taxable year beginning after December 31, 2018, the
 12 base period employment is equal to the greater of:

13 (1) the number of full-time employees employed in a
 14 district on January 1, 2018, by the qualified taxpayer; or

15 (2) the greatest number of full-time employees the
 16 taxpayer employed on a single day in a district during any
 17 taxable year that:

18 (A) precedes the taxable year for which the credit is
 19 being determined; and

20 (B) begins after December 31, 2017.

21 (c) The amount of a qualified taxpayer's credit for a taxable
 22 year is equal to the amount determined in STEP FOUR of the
 23 following STEPS:

24 STEP ONE: Determine the greatest number of full-time
 25 employees the taxpayer employed on a single day in a district
 26 during the taxable year.

27 STEP TWO: Determine the result of:

28 (A) the STEP ONE result; minus

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

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

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

42 (i) have a wage rate that is equal to or greater than one



1 **hundred fifty percent (150%) of the average wage rate**
2 **paid to employees in the county; and**
3 **(ii) receive employee benefits, such as employer provided**
4 **health insurance or employer provided pension or**
5 **retirement benefits or contributions;**
6 **by one thousand five hundred dollars (\$1,500).**
7 **(B) Multiply the number of those full-time employees who**
8 **are employed by the qualified taxpayer in the district**
9 **during the taxable year above the qualified taxpayer's base**
10 **period employment for the taxable year and who:**
11 **(i) have a wage rate that is equal to or greater than one**
12 **hundred fifty percent (150%) of the average wage rate**
13 **paid to employees in the county; and**
14 **(ii) do not receive any employee benefits;**
15 **by one thousand two hundred fifty dollars (\$1,250).**
16 **(C) Multiply the number of those full-time employees who**
17 **are employed by the qualified taxpayer in the district**
18 **during the taxable year above the qualified taxpayer's base**
19 **period employment for the taxable year and who:**
20 **(i) have a wage rate that is equal to or greater than one**
21 **hundred twenty-five percent (125%) of the average wage**
22 **rate paid to employees in the county but is less than one**
23 **hundred fifty percent (150%) of the average wage rate**
24 **paid to employees in the county; and**
25 **(ii) receive employee benefits, such as employer provided**
26 **health insurance or employer provided pension or**
27 **retirement benefits or contributions;**
28 **by one thousand dollars (\$1,000).**
29 **(D) Multiply the number of those full-time employees who**
30 **are employed by the qualified taxpayer in the district**
31 **during the taxable year above the qualified taxpayer's base**
32 **period employment for the taxable year and who:**
33 **(i) have a wage rate that is equal to or greater than one**
34 **hundred twenty-five percent (125%) of the average wage**
35 **rate paid to employees in the county but is less than one**
36 **hundred fifty percent (150%) of the average wage rate**
37 **paid to employees in the county; and**
38 **(ii) do not receive any employee benefits;**
39 **by seven hundred fifty dollars (\$750).**
40 **(E) Multiply the number of those full-time employees who**
41 **are employed by the qualified taxpayer in the district**
42 **during the taxable year above the qualified taxpayer's base**



1 period employment for the taxable year and who have a
 2 wage rate that is equal to or greater than one hundred
 3 percent (100%) of the average wage rate paid to employees
 4 in the county but is less than one hundred twenty-five
 5 percent (125%) of the average wage rate paid to employees
 6 in the county by five hundred dollars (\$500).

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

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

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

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

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

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

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

41 **Sec. 9. To receive the credit under this chapter, a taxpayer must**
 42 **claim the credit on the taxpayer's annual state tax return or**



1 returns in the manner prescribed by the department. The qualified
 2 taxpayer must submit to the department all information that the
 3 department determines is necessary for the calculation of the credit
 4 under this chapter and for the determination of whether the
 5 qualified taxpayer is eligible to claim a credit under this chapter.

6 SECTION 21. IC 6-3.1-37 IS ADDED TO THE INDIANA CODE
 7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2017]:

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

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

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

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

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

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

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

27 (2) a partnership;

28 (3) a limited liability company; or

29 (4) a limited liability partnership.

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

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

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

39 **Sec. 7. (a) Subject to the requirements of this chapter, each**
 40 **taxable year a taxpayer is entitled to a credit as determined in this**
 41 **chapter against the taxpayer's state tax liability if the taxpayer**
 42 **provides investment capital during the taxable year to a qualified**



1 business that is developing within the district a new technology
 2 related product or service in the areas of motor vehicle racing,
 3 health care, medical devices or medical device manufacturing,
 4 agriculture, agriculture or food technology, software, aerospace,
 5 music or other creative industries and related technologies, motor
 6 vehicles, or any advanced manufacturing.

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

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

11 (2) one (1) of the following:

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

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

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

24 (1) has its headquarters in Indiana;

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

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

36 (4) has:

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

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

41 (5) is not engaged in a business involving:

42 (A) real estate;



- 1 **(B) real estate development;**
 2 **(C) insurance;**
 3 **(D) professional services provided by an accountant, a**
 4 **lawyer, or a physician;**
 5 **(E) retail sales, except when the primary purpose of the**
 6 **business is the development or support of electronic**
 7 **commerce using the Internet; or**
 8 **(F) oil and gas exploration.**
- 9 **(b) A business must apply to be certified as a qualified business**
 10 **on a form prescribed by the Indiana economic development**
 11 **corporation.**
- 12 **(c) If a business is certified as a qualified business under this**
 13 **section, the Indiana economic development corporation shall**
 14 **provide a copy of the certification to the investors in the qualified**
 15 **business for inclusion in tax filings.**
- 16 **(d) The Indiana economic development corporation may impose**
 17 **an application fee in the amount determined by the Indiana**
 18 **economic development corporation.**
- 19 **Sec. 9. If a pass through entity does not have state tax liability**
 20 **for a taxable year but is otherwise entitled to the tax credit**
 21 **provided by this chapter, each shareholder, partner, or member of**
 22 **the pass through entity is entitled to a share of the credit equal to:**
 23 **(1) the amount of the credit determined for the pass through**
 24 **entity for the taxable year; multiplied by**
 25 **(2) the percentage of the pass through entity's distributive**
 26 **income to which the shareholder, partner, or member is**
 27 **entitled.**
- 28 **Sec. 10. (a) If the credit under this chapter exceeds a qualified**
 29 **taxpayer's state tax liability for the taxable year for which the**
 30 **credit is first claimed, the excess may be carried forward to**
 31 **succeeding taxable years and used as a credit against the qualified**
 32 **taxpayer's state tax liability during those taxable years. Each time**
 33 **the credit is carried forward to a succeeding taxable year, the**
 34 **credit is to be reduced by the amount that was used as a credit**
 35 **during the immediately preceding taxable year. The credit**
 36 **provided by this chapter may be carried forward and applied to**
 37 **succeeding taxable years for not more than nine (9) taxable years**
 38 **following the first year for which the credit is claimed.**
- 39 **(b) A qualified taxpayer is not entitled to a carryback or refund**
 40 **of any unused credit under this chapter.**
- 41 **Sec. 11. To receive the credit under this chapter, a taxpayer**
 42 **must claim the credit on the taxpayer's annual state tax return or**



1 returns in the manner prescribed by the department. The qualified
 2 taxpayer must submit to the department all information that the
 3 department determines is necessary for the calculation of the credit
 4 under this chapter and for the determination of whether the
 5 qualified taxpayer is eligible to claim a credit under this chapter.

6 **Sec. 12.** The department shall report, not later than December
 7 15 each year, to the corporation, the budget committee, and to each
 8 district concerning the use of the tax credit under this chapter.

9 SECTION 22. IC 6-3.1-38 IS ADDED TO THE INDIANA CODE
 10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2017]:

12 **Chapter 38. Technology Transfer Tax Credit**

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

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

- 17 (1) a corporation that is exempt from the adjusted gross
- 18 income tax under IC 6-3-2-2.8(2);
- 19 (2) a partnership;
- 20 (3) a limited liability company; or
- 21 (4) a limited liability partnership.

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

- 24 (1) The sale or licensing of a patent or a proprietary product,
- 25 process, or technology.
- 26 (2) The sale of all or part of a business, including the patents
- 27 and the proprietary products, processes, and technologies of
- 28 the business.

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

- 31 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- 32 (2) IC 6-5.5 (the financial institutions tax); and
- 33 (3) IC 27-1-18-2 (the insurance premiums tax);

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

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

40 **Sec. 6.** (a) Subject to the requirements of this chapter, a
 41 taxpayer is entitled to a credit against the taxpayer's state tax
 42 liability under this chapter for the taxable year if all of the



1 following conditions are satisfied:

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

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

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

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

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

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

22 (A) is being used outside of Indiana;

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

24 (C) would, except for the qualified sale, be commercially
25 developed outside of Indiana.

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

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

30 (2) a percentage equal to the following:

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

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

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

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

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

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

42 Sec. 7. A taxpayer is not entitled to any carryback or refund of



1 any unused credit. However, a taxpayer may carry forward an
 2 unused credit for not more than nine (9) consecutive taxable years.

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

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

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

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

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

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

22 (2) purchased all or part of the business;

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

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

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

37 **Sec. 11.** The department shall report, not later than December
 38 15 each year, to the corporation, the budget committee, and to each
 39 district concerning the use of the credit under this chapter.

40 SECTION 23. IC 35-44.2-4-5, AS ADDED BY P.L.126-2012,
 41 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2017]: Sec. 5. (a) A person who unlawfully discloses



1 enterprise zone information is subject to criminal prosecution under
2 IC 5-28-15-8.

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

6 SECTION 24. IC 35-52-5-12 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2017]: **Sec. 12. IC 5-28-15.5-11 defines a**
9 **crime concerning entrepreneur and enterprise districts.**

10 SECTION 25. IC 35-52-5-13 IS ADDED TO THE INDIANA
11 CODE AS A NEW SECTION TO READ AS FOLLOWS
12 [EFFECTIVE JULY 1, 2017]: **Sec. 13. IC 5-28-15.5-12 defines a**
13 **crime concerning entrepreneur and enterprise districts.**

14 SECTION 26. [EFFECTIVE JULY 1, 2017] (a) **IC 6-3.1-35,**
15 **IC 6-3.1-36, IC 6-3.1-37, and IC 6-3.1-38, all as added by this act,**
16 **apply to taxable years beginning after December 31, 2017.**

17 **(b) This SECTION expires July 1, 2023.**

18 SECTION 27. [EFFECTIVE JULY 1, 2017] (a) **IC 6-1.1-3-25 and**
19 **IC 6-1.1-46, as added by this act, and IC 6-1.1-45, as amended by**
20 **this act, apply to assessment dates after December 31, 2017.**

21 **(b) This SECTION expires July 1, 2023.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 514, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-28-15-3, AS AMENDED BY P.L.146-2008, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 3. As used in this chapter, "zone business" means an entity that accesses at least one (1) tax credit, deduction, or exemption incentive available under this chapter, IC 6-1.1-45, IC 6-3-3-10, IC 6-3.1-7 (**before its expiration**), or IC 6-3.1-10 (**before its expiration**).

SECTION 2. IC 5-28-15-10, AS AMENDED BY P.L.145-2016, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 10. (a) Subject to subsection (b), an enterprise zone expires ten (10) years after the day on which it is designated by the board.

(b) In the period beginning December 1, 2008, and ending December 31, 2014, an enterprise zone does not expire under this section if the fiscal body of the municipality in which the enterprise zone is located adopts a resolution renewing the enterprise zone for an additional five (5) years. An enterprise zone may be renewed under this subsection regardless of the number of times the enterprise zone has been renewed under subsections (d) and (e). A municipal fiscal body may adopt a renewal resolution and submit a copy of the resolution to the corporation:

- (1) before August 1, 2009, in the case of an enterprise zone that expired after November 30, 2008, or is scheduled to expire before September 1, 2009; or
- (2) at least thirty (30) days before the expiration date of the enterprise zone, in the case of an enterprise zone scheduled to expire after August 31, 2009.

If an enterprise zone is renewed under this subsection after having been renewed under subsection (e), the enterprise zone may not be renewed after the expiration of this final five (5) year period, except under subsection (c).

(c) An enterprise zone does not expire under this section if the fiscal body of the municipality in which the enterprise zone is located:

- (1) has adopted a resolution renewing the enterprise zone under



subsection (b); and

(2) adopts a resolution renewing the enterprise zone for an additional one (1) year period beginning on the date on which the enterprise zone would otherwise expire under the resolution adopted under subdivision (1).

An enterprise zone may be renewed for an additional one (1) year period under this subsection regardless of the number of times the enterprise zone has been renewed under subsections (d) and (e). A municipal fiscal body may adopt a renewal resolution and submit a copy of the resolution to the corporation at least thirty (30) days before the expiration date of the enterprise zone. If an enterprise zone is renewed for an additional one (1) year period under this subsection after having been renewed under subsection (e), the enterprise zone may not be renewed after the expiration of this final one (1) year period.

(d) The two (2) year period immediately before the day on which the enterprise zone expires is the phaseout period. During the phaseout period, the board may review the success of the enterprise zone based on the following criteria and may, ~~with the consent of~~ **after review by** the budget committee, renew the enterprise zone, including all provisions of this chapter, for five (5) years:

- (1) Increases in capital investment in the zone.
- (2) Retention of jobs and creation of jobs in the zone.
- (3) Increases in employment opportunities for residents of the zone.

(e) If an enterprise zone is renewed under subsection (d), the two (2) year period immediately before the day on which the enterprise zone expires is another phaseout period. During the phaseout period, the board may review the success of the enterprise zone based on the criteria set forth in subsection (d) and, ~~with the consent of~~ **after review by** the budget committee, may again renew the enterprise zone, including all provisions of this chapter, for a final period of five (5) years. The zone may not be renewed after the expiration of this final five (5) year period."

Page 2, delete lines 9 through 12, begin a new paragraph and insert:

"(b) If the board designates a district in a city listed in subsection (a), the mayor of the city shall designate the board of directors of the district by doing one (1) of the following:

- (1) Designate the urban enterprise association established under IC 5-28-15-13 for an enterprise zone in the city as the board of directors of the district.**
- (2) Appoint a board of directors of the district consisting of**



seven (7) members as follows:

(A) Four (4) members selected by the mayor of the city.

(B) Three (3) members selected by the fiscal body of the city."

Page 2, line 28, delete "twenty-five percent (25%)" and insert **"twenty percent (20%)"**.

Page 2, delete lines 35 through 36, begin a new line block indented and insert:

"(2) The proposed district has a population that is:

(A) more than two thousand (2,000) but not more than forty thousand (40,000); or

(B) at least equal to:

(i) the population of the qualified municipality; multiplied by

(ii) ten percent (10%);

whichever is greater."

Page 2, delete lines 37 through 39, begin a new line block indented and insert:

"(3) The territory of the proposed district contains:

(A) not more than four (4) square miles; or

(B) not more than ten percent (10%) of the territory of the qualified municipality;

whichever is greater."

Page 6, line 4, delete "and".

Page 6, line 6, delete "." and insert **"; and"**.

Page 6, between lines 6 and 7, begin a new line block indented and insert:

"(3) pay the amount determined under section 9(c) of this chapter to the district board."

Page 6, line 8, delete "is" and insert **"and the district board are"**.

Page 6, line 13, after "corporation" insert **"or district board"**.

Page 8, line 12, delete "aid in the employment of district residents,".

Page 8, line 13, delete ",".

Page 11, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 4. IC 5-28-28-4, AS AMENDED BY P.L.190-2014, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 4. As used in this chapter, "tax credit" means a state tax liability credit under any of the following:

(1) IC 6-3.1-7 (before its expiration).

(2) IC 6-3.1-13.

(3) IC 6-3.1-26.

(4) IC 6-3.1-30.



(5) IC 6-3.1-31.9."

Page 15, line 11, after "association" insert "**or the district board**".

Page 18, line 18, delete "10" and insert "**15**".

Page 20, line 20, after "credit)" delete "." and insert "**(before its expiration)**".

Page 20, between lines 40 and 41, begin a new paragraph and insert:

"SECTION 17. IC 6-3.1-7-8 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2018]: **Sec. 8. (a) Notwithstanding any other law, a taxpayer is not entitled to receive a credit under this chapter for interest received on a qualified loan made after December 31, 2017. However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified loan made before January 1, 2018, forward to a taxable year beginning after December 31, 2017, and before January 1, 2028, in the manner provided by section 3 of this chapter.**

(b) This chapter expires January 1, 2028.

SECTION 18. IC 6-3.1-10-10 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2018]: **Sec. 10. (a) Notwithstanding any other law and except as provided in subsection (b), a taxpayer is entitled to receive a credit under this chapter only for a qualified investment made before January 1, 2018.**

(b) A taxpayer is entitled to receive a credit for a qualified investment made after December 31, 2017, and before January 1, 2028, if the qualified investment is approved by the corporation before January 1, 2018.

(c) This section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, 2018, or made as provided in subsection (b) forward to a taxable year beginning after December 31, 2017, and before January 1, 2028, in the manner provided by section 7 of this chapter.

(d) This chapter expires January 1, 2028."

Page 21, line 21, after "that" insert "**after the designation of a district**".

Page 21, line 23, after "in" delete "a" and insert "**the**".

Page 21, line 27, after "that" insert "**after the designation of a district**".

Page 21, line 28, after "in" delete "a" and insert "**the**".

Page 23, line 23, after "14." insert "**(a)**".

Page 23, between lines 29 and 30, begin a new paragraph and insert:



"(b) The amount of tax credits that may be awarded under this chapter in a particular district may not exceed three million dollars (\$3,000,000) in a state fiscal year."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 514 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 12, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 514 be amended to read as follows:

Page 24, line 29, after "." insert **"For purposes of this subsection, a product is under development until its first commercial application, as determined by the department."**

Page 25, line 11, after "qualified" insert **"research"**.

Page 26, between lines 19 and 20, begin a new paragraph and insert:

"Sec. 14. The provisions of Section 41 of the Internal Revenue Code and the regulations promulgated in respect to those provisions are applicable to the interpretation and administration by the department of the credit provided by this chapter, including the allocation and pass through of the credit to various taxpayers and the transitional rules for determination of the base period.

Sec. 15. In prescribing standards for determining which qualified research expenses are considered Indiana qualified research expenses for purposes of computing the credit provided by this chapter, the department may consider:

- (1) the place where the services are performed;**
- (2) the residence or business location of the person or persons performing the services;**
- (3) the place where qualified research supplies are consumed;**
- and**
- (4) other factors that the department determines are relevant for the determination.**

Sec. 16. Notwithstanding Section 41 of the Internal Revenue Code, the termination date in Section 41(h) of the Internal Revenue Code does not apply to a taxpayer who is eligible for the credit under this chapter for the taxable year in which the Indiana



qualified research expense is incurred."

Page 26, line 20, delete "14." and insert "**17.**".

Page 26, line 30, delete "15." and insert "**18.**".

(Reference is to SB 514 as printed February 17, 2017.)

HERSHMAN

