



Reprinted  
April 4, 2017

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## ENGROSSED SENATE BILL No. 514

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DIGEST OF SB 514 (Updated April 3, 2017 5:48 pm - DI 113)

**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. Provides that an  
(Continued next page)

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

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### Hershman, Eckerty, Buck, Ford

(HOUSE SPONSORS — SIEGRIST, BROWN T, CARBAUGH, GIAQUINTA)

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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.  
February 21, 2017, engrossed. Technical correction pursuant to Rule 35(c). Read third time, passed. Yeas 46, nays 2.  
February 23, 2017, re-engrossed.

HOUSE ACTION

March 7, 2017, read first time and referred to Committee on Ways and Means.  
March 30, 2017, amended, reported — Do Pass.  
April 3, 2017, read second time, amended, ordered engrossed.

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ES 514—LS 7505/DI 73



## Digest Continued

entrepreneur and enterprise district (district) may be established in a qualified municipality, which is defined to be: (1) the city of Lafayette; (2) the city of Fort Wayne; (3) the city of Indianapolis; and (4) the city of Elkhart. Specifies the conditions that must be satisfied before an area may be designated as a district. Specifies that the mayor of a city in which a district must be established 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 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. Requires a district board to present a written report each year to the legislative body of the qualified municipality that established the district. Allows a district board to apply for a grant from money appropriated to the Indiana economic development corporation (IEDC) for advancing innovation and entrepreneurship. Provides that a district board must obtain an amount of local contributions equal to or greater than the amount of the innovation and entrepreneurship grant sought from the IEDC. 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. 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.

**ES 514—LS 7505/DI 73**



Reprinted  
April 4, 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.

## ENGROSSED SENATE BILL No. 514

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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

ES 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. The following definitions apply throughout this chapter:**

16 (1) "District" refers to an entrepreneur and enterprise district  
 17 designated by the executive of a qualified municipality under  
 18 section 2(a) of this chapter.

19 (2) "District board" refers to the board of directors of a  
 20 district as specified in section 2(d) of the chapter.

21 (3) "District business" means an entity that accesses at least  
 22 one (1) incentive available under the following:

23 (A) This chapter.

24 (B) IC 6-1.1-3-25.

25 (C) IC 6-1.1-45.

26 (D) IC 6-1.1-46.2.

27 (4) "Qualified municipality" means the following:

28 (A) The city of Lafayette.

29 (B) The city of Fort Wayne.

30 (C) The city of Indianapolis.

31 (D) The city of Elkhart.

32 **Sec. 2. (a) The executive of a qualified municipality may**  
 33 **designate one (1) entrepreneur and enterprise district in the**  
 34 **qualified municipality.**

35 **(b) The territory of a district designated under subsection (a)**  
 36 **may not exceed the lesser of:**

37 **(1) four (4) square miles; or**

38 **(2) ten percent (10%) of the territory of the qualified**  
 39 **municipality.**

40 **(c) A district is established only if the legislative body of the**  
 41 **qualified municipality approves the action taken by the executive**  
 42 **of the qualified municipality under subsection (a).**



1 (d) After the legislative body of the qualified municipality  
 2 approves the action taken by the executive of the qualified  
 3 municipality under subsection (a), the mayor of the qualified  
 4 municipality shall designate the board of directors of the district by  
 5 doing one (1) of the following:

6 (1) Designate the urban enterprise association established  
 7 under IC 5-28-15-13 for an enterprise zone in the city as the  
 8 board of directors of the district.

9 (2) Appoint a board of directors of the district consisting of  
 10 seven (7) members as follows:

11 (A) Four (4) members selected by the mayor of the  
 12 qualified municipality.

13 (B) Three (3) members selected by the fiscal body of the  
 14 qualified municipality.

15 Sec. 3. A district expires on the earlier of the following:

16 (1) Five (5) years after the date on which it is designated as a  
 17 district by the executive of the qualified municipality.

18 (2) December 31, 2022.

19 Sec. 4. (a) The district board has the following powers, in  
 20 addition to other powers that are contained in this chapter:

21 (1) To request the waiver of a municipal ordinance or  
 22 regulation as provided in this chapter.

23 (2) To adopt guidelines for the disqualification of a district  
 24 business from eligibility for one (1) or more incentives  
 25 available to district businesses, if that district business does  
 26 not do one (1) of the following:

27 (A) If all its incentives, as contained in the summary  
 28 required under section 6 of this chapter, exceed one  
 29 thousand dollars (\$1,000) in any year, pay a registration  
 30 fee to the district board in an amount equal to one percent  
 31 (1%) of all its incentives.

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

35 (C) Remain open and operating as a district business for  
 36 twelve (12) months of the year for which the incentive is  
 37 claimed.

38 (3) To modify the boundary of the district if the district board  
 39 determines that the modification is in the best interests of the  
 40 district.

41 (4) To employ staff and contract for services to carry out this  
 42 chapter.



1           (b) In addition to a registration fee paid under subsection  
 2 (a)(2)(A), each district business that receives an incentive specified  
 3 in section 1(3) of this chapter shall assist the district board in an  
 4 amount determined by the legislative body of the qualified  
 5 municipality in which the district business is located. If a district  
 6 business does not assist a district board, the legislative body of the  
 7 qualified municipality in which the district is located may pass an  
 8 ordinance disqualifying the district business from eligibility for all  
 9 incentives available to district businesses. If the legislative body  
 10 disqualifies a district business under this subsection, the legislative  
 11 body shall notify the department of local government finance in  
 12 writing not more than thirty (30) days after the passage of the  
 13 ordinance disqualifying the district business. Disqualification of a  
 14 district business under this section is effective beginning with the  
 15 taxable year in which the ordinance disqualifying the district  
 16 business is adopted.

17           Sec. 5. (a) The corporation may make grants to a district board  
 18 from money appropriated by the general assembly to the  
 19 corporation for advancing innovation and entrepreneurship.

20           (b) A district board that applies to the corporation for a grant  
 21 under this section must be able to contribute to the project for  
 22 which the grant is sought an amount equal to or greater than the  
 23 amount of the grant awarded by the corporation under this section.  
 24 The district board's contribution to the project may come from any  
 25 source other than money appropriated to the corporation for  
 26 advancing innovation and entrepreneurship, including:

- 27           (1) the district's own funds;
- 28           (2) contributions from district businesses; and
- 29           (3) contributions from local governmental entities.

30           (c) The corporation shall develop guidelines, without complying  
 31 with IC 4-22-2, for awarding grants under this section.

32           Sec. 6. (a) Subject to subsection (c), a district business that  
 33 claims any of the incentives available to district businesses shall,  
 34 before June 1 of each year:

- 35           (1) submit to the district board a verified summary  
 36 concerning the amount of incentives claimed by the district  
 37 business in the preceding year;
- 38           (2) pay the amount specified in section 4(a)(2)(A) of this  
 39 chapter to the corporation; and
- 40           (3) pay the amount determined under section 4(b) of this  
 41 chapter to the district board.

42           (b) In order to determine the accuracy of the summary



1 submitted under subsection (a), the district board is entitled to  
 2 obtain copies of a district business's tax records directly from the  
 3 department of local government finance or a county official,  
 4 notwithstanding any other law. A summary submitted to a district  
 5 board and any records obtained by the district board under this  
 6 section are confidential. A member of a district board or an agent  
 7 of a district board who knowingly or intentionally discloses  
 8 information that is confidential under this section commits a Class  
 9 A misdemeanor.

10 (c) If a district business does not comply with subsection (a)  
 11 before June 1, the amount of the incentives for the preceding year  
 12 that were otherwise available to the district business because the  
 13 business was a district business are waived.

14 (d) This subsection is in addition to any other sanction imposed  
 15 by subsection (c) or any other law. If a district business fails to  
 16 comply with subsection (a) before June 1 of a year, the district  
 17 business is:

- 18 (1) denied all the incentives available to a district business
- 19 because the business was a district business for that year; and
- 20 (2) disqualified from further participation in the pilot
- 21 program under this chapter until the district business
- 22 petitions the district board for, and is granted, readmission to
- 23 the pilot program under this chapter.

24 Sec. 7. (a) A district board shall do the following:

- 25 (1) Coordinate development activities within the district.
- 26 (2) Serve as a catalyst for development within the district.
- 27 (3) Promote the district to outside groups and individuals.
- 28 (4) Establish a formal line of communication with residents
- 29 and businesses in the district.
- 30 (5) Act as a liaison among residents, businesses, the
- 31 municipality, and the board for any development activity that
- 32 may affect the district or district residents.
- 33 (6) Use revenue derived from:
  - 34 (A) registration fees paid under section 4(a)(2)(A) of this
  - 35 chapter; and
  - 36 (B) amounts paid under section 4(b) of this chapter;
  - 37 only for the administration of the district and the benefit of
  - 38 district businesses.

39 (b) A district board shall:

- 40 (1) develop metrics for the annual reporting of information
- 41 about the district to the legislative body of the qualified
- 42 municipality that established the district; and





- 1           **(2) submit the metrics for approval to the legislative body of**  
 2           **the qualified municipality and the executive of the qualified**  
 3           **municipality.**
- 4           **The metrics for the annual reporting of information may be**  
 5           **revised and reapproved from time to time.**
- 6           **(c) Each year before September 1, a district board shall present**  
 7           **a written report to the legislative body of the qualified municipality**  
 8           **that established the district. The annual written report must**  
 9           **provide information about the district in terms of the metrics**  
 10           **approved under subsection (b).**
- 11           **Sec. 8. (a) 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) Modify a district boundary or disqualify a district business**  
 16               **from eligibility for one (1) or more incentives available to**  
 17               **district businesses.**
- 18               **(3) Apply to the corporation for a grant under section 5 of this**  
 19               **chapter.**
- 20           **(b) The district board may request, by majority vote, that the**  
 21           **legislative body of the municipality in which the district is located**  
 22           **modify or waive any municipal ordinance or regulation that is in**  
 23           **effect in the district. The legislative body may, by ordinance, waive**  
 24           **or modify the operation of the ordinance or regulation, if the**  
 25           **ordinance or regulation does not affect health (including**  
 26           **environmental health), safety, civil rights, or employment rights.**
- 27           SECTION 4. IC 5-28-28-4, AS AMENDED BY P.L.190-2014,  
 28           SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29           JANUARY 1, 2018]: Sec. 4. As used in this chapter, "tax credit" means  
 30           a state tax liability credit under any of the following:
- 31               **(1) IC 6-3.1-7 (before its expiration).**  
 32               **(2) IC 6-3.1-13.**  
 33               **(3) IC 6-3.1-26.**  
 34               **(4) IC 6-3.1-30.**  
 35               **(5) IC 6-3.1-31.9.**
- 36           SECTION 5. IC 6-1.1-3-25 IS ADDED TO THE INDIANA CODE  
 37           AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 38           1, 2017]: **Sec. 25. (a) As used in this section, "district" refers to an**  
 39           **entrepreneur and enterprise district designated under**  
 40           **IC 5-28-15.5.**
- 41           **(b) Notwithstanding section 22(b) of this chapter and**  
 42           **IC 6-1.1-8-44(b), assessable depreciable personal property that:**



1           **(1) is located in a district;**  
 2           **(2) is placed in service in the district by the owner of the**  
 3           **property after the designation of the district under**  
 4           **IC 5-28-15.5; and**  
 5           **(3) is used within the district by one (1) or more employees**  
 6           **who perform the majority of their service within the district;**  
 7           **is not subject to the valuation limitations in 50 IAC 4.2-4-9 or 50**  
 8           **IAC 5.1-6-9.**

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

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

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

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

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

38          SECTION 11. IC 6-1.1-45-7, AS ADDED BY P.L.214-2005,  
 39          SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 40          JULY 1, 2017]: Sec. 7. As used in this chapter, "qualified investment"  
 41          means any of the following expenditures relating to an enterprise zone  
 42          location **or entrepreneur and enterprise district location** on which



1 a taxpayer's zone business **or district business** is located:

- 2 (1) The purchase of a building.  
 3 (2) The purchase of new manufacturing or production equipment.  
 4 (3) Costs associated with the repair, rehabilitation, or  
 5 modernization of an existing building and related improvements.  
 6 (4) Onsite infrastructure improvements.  
 7 (5) The construction of a new building.  
 8 (6) Costs associated with retooling existing machinery.

9 **(7) In the case of an entrepreneur and enterprise district, the**  
 10 **purchase of:**

- 11 **(A) new information technology equipment (as defined in**  
 12 **IC 6-1.1-12.1-1);**  
 13 **(B) new logistical distribution equipment (as defined in**  
 14 **IC 6-1.1-12.1-1); or**  
 15 **(C) new research and development equipment (as defined**  
 16 **in IC 6-1.1-12.1-1).**

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

- 25 (1) the total amount of the assessed value of the taxpayer's  
 26 enterprise zone property assessed at the enterprise zone location  
 27 on a particular assessment date; minus  
 28 (2) the total amount of the base year assessed value for the  
 29 enterprise zone location.

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

- 36 **(1) the total amount of the assessed value of the taxpayer's**  
 37 **entrepreneur and enterprise district property assessed at the**  
 38 **entrepreneur and enterprise district location on a particular**  
 39 **assessment date; minus**  
 40 **(2) the total amount of the base year assessed value for the**  
 41 **entrepreneur and enterprise district location.**

42 ~~(b)~~ **(c) To receive the deduction allowed under subsection (a) or (b)**



1 for a particular year, a taxpayer must comply with the conditions set  
2 forth in this chapter.

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

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

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

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

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

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

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

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

29 SECTION 13. IC 6-1.1-45-10, AS AMENDED BY P.L.211-2007,  
30 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
31 JULY 1, 2017]: Sec. 10. (a) A taxpayer that desires to claim the  
32 deduction provided by section 9 of this chapter for a particular year  
33 shall file a certified application, on forms prescribed by the department  
34 of local government finance, with the auditor of the county where the  
35 property for which the deduction is claimed was located on the  
36 assessment date. The application may be filed in person or by mail. If  
37 mailed, the mailing must be postmarked on or before the last day for  
38 filing. Except as provided in subsections (c) and (d), the application  
39 must be filed before May 15 of the assessment year to obtain the  
40 deduction.

41 (b) A taxpayer shall include on an application filed under this  
42 section all information that the department of local government finance



1 and the corporation require to determine eligibility for the deduction  
2 provided under this chapter.

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

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

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

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

13 (1) timely; or

14 (2) complete;

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

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

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

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

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

32 SECTION 15. IC 6-1.1-46.2 IS ADDED TO THE INDIANA CODE  
33 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
34 JULY 1, 2017]:

35 **Chapter 46.2. Abatement Deduction for Vacant Buildings in an**  
36 **Entrepreneur and Enterprise District**

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

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



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

- (1) is zoned for commercial or industrial purposes; and**
- (2) is unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the district board requires.**

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

- (1) be submitted to the district board before the owner or tenant of the eligible vacant building occupies the eligible vacant building; and**
- (2) include a statement of benefits specifying the following information:**
  - (A) A description of the eligible vacant building that the property owner or a tenant of the property owner will occupy.**
  - (B) An estimate of the number of individuals who will be employed or whose employment will be retained by the property owner or the tenant as a result of the occupation of the eligible vacant building, and an estimate of the annual salaries of those individuals.**
  - (C) Information regarding efforts by the owner or a previous owner to sell, lease, or rent the eligible vacant building during the period the eligible vacant building was unoccupied.**
  - (D) Information regarding the amount for which the eligible vacant building was offered for sale, lease, or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied.**
  - (E) Any other information required by the district board.**

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

**Sec. 6. (a) The district board shall review the application and the statement of benefits, and the district board shall determine whether the property owner should be granted a deduction under**



1 this chapter after the district board has made the following  
2 findings:

3 (1) Whether the estimate of the number of individuals who  
4 will be employed or whose employment will be retained can  
5 be reasonably expected to result from the proposed  
6 occupation of the eligible vacant building.

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

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

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

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

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

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

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

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

34 The property owner is entitled to the deduction:

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

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



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

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

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

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

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

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

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





- 1           (1) An explanation of the reasons for the district board's  
2           determination.
- 3           (2) The date, time, and place of a hearing to be conducted by  
4           the district board for the purpose of further considering the  
5           property owner's compliance with the statement of benefits.  
6           The date of the hearing may not be more than thirty (30) days  
7           after the date on which the notice is mailed.
- 8           (b) On the date specified in the notice described in subsection  
9           (a)(2), the district board shall conduct a hearing for the purpose of  
10          further considering the property owner's compliance with the  
11          statement of benefits. Based on the information presented at the  
12          hearing by the property owner and other interested parties, the  
13          district board shall again determine whether the property owner  
14          has made reasonable efforts to substantially comply with the  
15          statement of benefits and whether any failure to substantially  
16          comply was caused by factors beyond the control of the property  
17          owner. If the district board determines that the property owner has  
18          not made reasonable efforts to comply with the statement of  
19          benefits, the district board shall adopt a resolution terminating the  
20          property owner's deduction under this chapter. If the district  
21          board adopts such a resolution, the deduction does not apply to the  
22          next installment of property taxes owed by the property owner or  
23          to any subsequent installment of property taxes.
- 24          (c) If the district board adopts a resolution terminating a  
25          deduction under subsection (b), the district board shall  
26          immediately mail a certified copy of the resolution to:
- 27               (1) the property owner;  
28               (2) the county auditor; and  
29               (3) the county assessor.
- 30          The county auditor shall remove the deduction from the tax  
31          duplicate and shall notify the county treasurer of the termination  
32          of the deduction. If the district board's resolution is adopted after  
33          the county treasurer has mailed the statement required by  
34          IC 6-1.1-22-8.1, the county treasurer shall immediately mail the  
35          property owner a revised statement that reflects the termination of  
36          the deduction.
- 37          (d) A property owner whose deduction is terminated by the  
38          district board under this section may appeal the district board's  
39          decision by filing a complaint in the office of the clerk of the circuit  
40          or superior court together with a bond conditioned to pay the costs  
41          of the appeal if the appeal is determined against the property  
42          owner. An appeal under this subsection shall be promptly heard by



1 the court without a jury and determined within thirty (30) days  
 2 after the time of the filing of the appeal. The court shall hear  
 3 evidence on the appeal and may confirm the action of the district  
 4 board or sustain the appeal. The judgment of the court is final and  
 5 conclusive unless an appeal is taken as in other civil actions.

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

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

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

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

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

29 (b) This chapter expires January 1, 2028.

30 SECTION 17. IC 6-3.1-10-10 IS ADDED TO THE INDIANA  
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JANUARY 1, 2018]: **Sec. 10.** (a) Notwithstanding any  
 33 other law and except as provided in subsection (b), a taxpayer is  
 34 entitled to receive a credit under this chapter only for a qualified  
 35 investment made before January 1, 2018.

36 (b) A taxpayer is entitled to receive a credit for a qualified  
 37 investment made after December 31, 2017, and before January 1,  
 38 2028, if the qualified investment is approved by the corporation  
 39 before January 1, 2018.

40 (c) This section may not be construed to prevent a taxpayer  
 41 from carrying an unused tax credit attributable to a qualified  
 42 investment made before January 1, 2018, or made as provided in



1 subsection (b) forward to a taxable year beginning after December  
2 31, 2017, and before January 1, 2028, in the manner provided by  
3 section 7 of this chapter.

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

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

10 (b) A person who unlawfully discloses entrepreneur and  
11 enterprise district information is subject to criminal prosecution  
12 under IC 5-28-15.5-6.

13 SECTION 19. IC 35-52-5-12 IS ADDED TO THE INDIANA  
14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
15 [EFFECTIVE JULY 1, 2017]: Sec. 12. IC 5-28-15.5-6 defines a crime  
16 concerning entrepreneur and enterprise districts.

17 SECTION 20. [EFFECTIVE JULY 1, 2017] (a) IC 6-1.1-3-25 and  
18 IC 6-1.1-46.2, both as added by this act, and IC 6-1.1-45, as  
19 amended by this act, apply to assessment dates after December 31,  
20 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

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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.

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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

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COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure reports that pursuant to Senate Rule 35(c), the following technical corrections are to be made to Engrossed Senate Bill 514.

Page 24, line 21, delete "(2)" and insert "(B)".

LONG, Chairperson

(Reference is to ESB 514 as reprinted February 21, 2017.)

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 514, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, delete lines 10 through 42, begin a new paragraph and insert:

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

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

**Sec. 1. The following definitions apply throughout this chapter:**

- (1) "District" refers to an entrepreneur and enterprise district designated by the executive of a qualified municipality under section 2(a) of this chapter.**
- (2) "District board" refers to the board of directors of a district as specified in section 2(d) of the chapter.**
- (3) "District business" means an entity that accesses at least one (1) incentive available under the following:**
  - (A) This chapter.**



(B) IC 6-1.1-3-25.

(C) IC 6-1.1-45.

(D) IC 6-1.1-46.

(4) "Qualified municipality" means the following:

(A) The city of Lafayette.

(B) The city of Fort Wayne.

(C) The city of Indianapolis.

Sec. 2. (a) The executive of a qualified municipality may designate one (1) entrepreneur and enterprise district in the qualified municipality.

(b) The territory of a district designated under subsection (a) may not exceed the lesser of:

(1) four (4) square miles; or

(2) ten percent (10%) of the territory of the qualified municipality.

(c) A district is established only if the legislative body of the qualified municipality approves the action taken by the executive of the qualified municipality under subsection (a).

(d) After the legislative body of the qualified municipality approves the action taken by the executive of the qualified municipality under subsection (a), the mayor of the qualified municipality 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 qualified municipality.

(B) Three (3) members selected by the fiscal body of the qualified municipality.

Sec. 3. A district expires on the earlier of the following:

(1) Five (5) years after the date on which it is designated as a district by the executive of the qualified municipality.

(2) December 31, 2022.

Sec. 4. (a) The district board has the following powers, in addition to other powers that are contained in this chapter:

(1) To request the waiver of a municipal ordinance or regulation as provided in this chapter.

(2) To adopt guidelines for the disqualification of a district business from eligibility for one (1) or more incentives



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

- (A) If all its incentives, as contained in the summary required under section 6 of this chapter, exceed one thousand dollars (\$1,000) in any year, pay a registration fee to the district board in an amount equal to one percent (1%) of all its incentives.
  - (B) Use all its incentives, except for the amount of the registration fee, for its property or employees in the district.
  - (C) Remain open and operating as a district business for twelve (12) months of the year for which the incentive is claimed.
- (3) To modify the boundary of the district if the district board determines that the modification is in the best interests of the district.
  - (4) To employ staff and contract for services to carry out this chapter.

(b) In addition to a registration fee paid under subsection (a)(2)(A), each district business that receives an incentive specified in section 1(3) of this chapter shall assist the district board in an amount determined by the legislative body of the qualified municipality in which the district business is located. If a district business does not assist a district board, the legislative body of the qualified municipality in which the district is located may pass an ordinance disqualifying the district business from eligibility for all incentives available to district businesses. If the legislative body disqualifies a district business under this subsection, the legislative body shall notify the department of local government finance in writing not more than thirty (30) days after the passage of the ordinance disqualifying the district business. Disqualification of a district business under this section is effective beginning with the taxable year in which the ordinance disqualifying the district business is adopted.

Sec. 5. (a) The corporation may make grants to a district board from money appropriated by the general assembly to the corporation for advancing innovation and entrepreneurship.

(b) A district board that applies to the corporation for a grant under this section must be able to contribute to the project for which the grant is sought an amount equal to or greater than the amount of the grant awarded by the corporation under this section. The district board's contribution to the project may come from any



source other than money appropriated to the corporation for advancing innovation and entrepreneurship, including:

- (1) the district's own funds;
- (2) contributions from district businesses; and
- (3) contributions from local governmental entities.

(c) The corporation shall develop guidelines, without complying with IC 4-22-2, for awarding grants under this section.

Sec. 6. (a) Subject to subsection (c), a district business that claims any of the incentives available to district businesses shall, before June 1 of each year:

- (1) submit to the district board a verified summary concerning the amount of incentives claimed by the district business in the preceding year;
- (2) pay the amount specified in section 4(a)(2)(A) of this chapter to the corporation; and
- (3) pay the amount determined under section 4(b) of this chapter to the district board.

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

(c) If a district business does not comply with subsection (a) before June 1, the amount of the incentives for the preceding year that were otherwise available to the district business because the business was a district business are waived.

(d) This subsection is in addition to any other sanction imposed by subsection (c) or any other law. If a district business fails to comply with subsection (a) before June 1 of a year, the district business is:

- (1) denied all the incentives available to a district business because the business was a district business for that year; and
- (2) disqualified from further participation in the pilot program under this chapter until the district business petitions the district board for, and is granted, readmission to the pilot program under this chapter.

Sec. 7. (a) A district board shall do the following:



- (1) Coordinate development activities within the district.
  - (2) Serve as a catalyst for development within the district.
  - (3) Promote the district to outside groups and individuals.
  - (4) Establish a formal line of communication with residents and businesses in the district.
  - (5) Act as a liaison among residents, businesses, the municipality, and the board for any development activity that may affect the district or district residents.
  - (6) Use revenue derived from:
    - (A) registration fees paid under section 4(a)(2)(A) of this chapter; and
    - (B) amounts paid under section 4(b) of this chapter; only for the administration of the district and the benefit of district businesses.
- (b) A district board shall:
- (1) develop metrics for the annual reporting of information about the district to the legislative body of the qualified municipality that established the district; and
  - (2) submit the metrics for approval to the legislative body of the qualified municipality and the executive of the qualified municipality.

The metrics for the annual reporting of information may be revised and reapproved from time to time.

(c) Each year before September 1, a district board shall present a written report to the legislative body of the qualified municipality that established the district. The annual written report must provide information about the district in terms of the metrics approved under subsection (b).

Sec. 8. (a) A district board may do the following:

- (1) Initiate and coordinate any community development activities that improve the physical environment or encourage the turnover or retention of capital in the district.
  - (2) Modify a district boundary or disqualify a district business from eligibility for one (1) or more incentives available to district businesses.
  - (3) Apply to the corporation for a grant under section 5 of this chapter.
- (b) The district board may request, by majority vote, that the legislative body of the municipality in which the district is located modify or waive any municipal ordinance or regulation that is in effect in the district. The legislative body may, by ordinance, waive or modify the operation of the ordinance or regulation, if the



**ordinance or regulation does not affect health (including environmental health), safety, civil rights, or employment rights."**

Delete pages 4 through 12.

Page 13, delete lines 1 through 30.

Page 22, delete lines 23 through 42.

Page 23, delete lines 1 through 8.

Page 23, delete lines 37 through 42.

Delete pages 24 through 35.

Page 36, delete lines 1 through 39.

Page 37, line 5, delete "IC 5-28-15.5-11 or IC 5-28-15.5-12." and insert "**IC 5-28-15.5-6**".

Page 37, line 8, delete "IC 5-28-15.5-11" and insert "**IC 5-28-15.5-6**".

Page 37, delete lines 10 through 17.

Page 37, line 19, after "IC 6-1.1-46," insert "**both**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 514 as printed February 22, 2017.)

BROWN T

Committee Vote: yeas 18, nays 0.

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#### HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 514 be amended to read as follows:

Page 3, line 26, delete "IC 6-1.1-46." and insert "**IC 6-1.1-46.2**".

Page 8, line 20, delete "IC 5-28-15.5-3." and insert "**IC 5-28-15.5-1**".

Page 11, line 31, delete "IC 6-1.1-46" and insert "IC 6-1.1-46.2".

Page 11, line 34, delete "46." and insert "**46.2**".

Page 11, line 41, delete "IC 5-28-15.5-5(b)." and insert "**IC 5-28-15.5-2(d)**".

Page 17, line 17, delete "IC 6-1.1-46," and insert "**IC 6-1.1-46.2**".

(Reference is to ESB 514 as printed March 31, 2017.)

BROWN T



HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 514 be amended to read as follows:

Page 3, between lines 30 and 31, begin a new line double block indented and insert:

**"(D) The city of Elkhart."**

(Reference is to ESB 514 as printed March 31, 2017.)

MILLER D

