

PROPOSED AMENDMENT

HB 1210 # 39

DIGEST

Tourism improvement districts. Provides that a person may circulate a petition to create a tourism improvement district (district) within the territory of a county, city, or town (local unit). Specifies the contents of the tourism improvement district plan that must be filed with a petition to establish a district. Provides that the legislative body of the local unit may require in the district plan that the boundaries of the district be drawn to: (1) exclude businesses; or (2) prevent overlap of the district with another area or district in which a special assessment is imposed. Provides that owners of businesses located within a district may be charged a special assessment to fund improvements and other district activities. Provides that, after a hearing on a petition to establish a district, a local unit's legislative body may adopt the ordinance establishing the district only if it determines that the petition has been signed by: (1) at least 50% of the owners of businesses within the proposed district; and (2) the owners of businesses within the proposed district that constitute more than 50% of the revenue to be collected from the special assessments. Requires the county, city, or town legislative body, at the public hearing on the establishment of a district, to hear from each individual business owner that wishes to make a request for exclusion from the district. Specifies the contents of the ordinance establishing a district and the length of time for which a district may exist. Allows a district to issue bonds and specifies the term of any bonds issued. Provides that a district may be renewed. Sets forth an annual 30 day period in which the owners of the businesses in the district may request disestablishment of the district under specified conditions. Requires the local unit to contract with a private nonprofit district management association to administer and implement the district's activities and improvements. Excludes from inclusion within a district: (1) property that receives a homestead standard deduction; (2) property used for single family residential housing; and (3) property used for multi-unit residential housing.

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- 1 Page 137, between lines 34 and 35, begin a new paragraph and
2 insert:
3 "SECTION 63. IC 36-7-42.5 IS ADDED TO THE INDIANA CODE
4 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2026]:
6 **Chapter 42.5. Tourism Improvement Districts**
7 **Sec. 1. This chapter applies to all units except townships.**
8 **Sec. 2. As used in this chapter, "activities" means any programs**
9 **or services that promote business activity or tourism activity and**
10 **are provided to confer specific benefits upon the businesses that**
11 **are located in the tourism improvement district.**
12 **Sec. 3. As used in this chapter, "district" means a tourism**
13 **improvement district established by an ordinance adopted under**

1 section 13 of this chapter.

2 Sec. 4. As used in this chapter, "district management
3 association" means a private nonprofit entity designated in the
4 district plan that enters into a contract with a unit to administer
5 and implement the district's activities and improvements.

6 Sec. 5. As used in this chapter, "district plan" means a proposal
7 for a district that contains the information described in section 9(c)
8 of this chapter.

9 Sec. 6. As used in this chapter, "improvements" means the
10 acquisition, construction, installation, or maintenance of any
11 tangible property in the district with an estimated useful life of five
12 (5) years or more.

13 Sec. 7. As used in this chapter, "legislative body" has the
14 meaning set forth in IC 36-1-2-9.

15 Sec. 8. As used in this chapter, "owner" refers to any person
16 recognized by the unit as the owner of a business within the
17 district, without regard to whether the person is the owner of the
18 real property on which the business is located.

19 Sec. 9. (a) A person that intends to file a petition for the
20 establishment of a district under this section must first provide
21 written notice to the clerk (as defined in IC 36-1-2-4) in the case of
22 a municipality, or the county auditor in the case of a county, of the
23 person's intent before initiating the petition process.

24 (b) A petition for the establishment of a district may be filed
25 with the clerk of the municipality or the county auditor not later
26 than one hundred twenty (120) days after the date on which the
27 notice of intent for the petition is filed with the clerk of the
28 municipality or the county auditor under subsection (a). The
29 petition shall include the name and legal status of the filing party
30 and the district plan.

31 (c) The district plan shall include at least the following:

32 (1) The name of the proposed district.

33 (2) Subject to section 9.5 of this chapter, a map of the
34 proposed district, including a description of the boundaries of
35 the district in a manner sufficient to identify the businesses
36 included.

37 (3) The proposed source or sources of financing, including:

38 (A) the proposed method and basis of levying the special
39 assessment in sufficient detail to allow each owner to
40 calculate the amount of the special assessment that may be

- 1 levied against the owner's business; and
- 2 **(B) whether the district may issue bonds to finance**
- 3 **improvements.**
- 4 **(4) A list of the businesses to be assessed and a statement of**
- 5 **the manner in which the expenses of a district using a method**
- 6 **allowed under section 11 of this chapter will be imposed upon**
- 7 **a benefited business in proportion to the benefit received by**
- 8 **the business, including costs for operation and maintenance.**
- 9 **(5) For purposes of imposing the special assessment and**
- 10 **determining the benefits of the district's activities and**
- 11 **improvements, a classification of the types of businesses**
- 12 **within the proposed district. The classification may include**
- 13 **the following variations in the assessment formula:**
- 14 **(A) Square footage of the business.**
- 15 **(B) Number of employees.**
- 16 **(C) Geography.**
- 17 **(D) Gross sales.**
- 18 **(E) Other similar factors that reasonably relate to the**
- 19 **benefit received.**
- 20 **(6) An estimate of the amount of revenue needed to**
- 21 **accomplish or pay for the district's proposed activities and**
- 22 **improvements.**
- 23 **(7) Subject to section 9.5 of this chapter, a statement**
- 24 **identifying the district management association, including the**
- 25 **district management association's board of directors and**
- 26 **governance structure and any proposed rules or regulations**
- 27 **that may be applicable to the district.**
- 28 **(8) A statement indicating where a complete copy of the**
- 29 **district plan, whether in hard copy or electronic form, may be**
- 30 **obtained or accessed.**
- 31 **(9) Any other item or matter required to be incorporated in**
- 32 **the district plan by the unit's legislative body. The legislative**
- 33 **body may require in the district plan that the boundaries of**
- 34 **the district be drawn to:**
- 35 **(A) exclude businesses; or**
- 36 **(B) prevent overlap of the district with another district or**
- 37 **area in which a special assessment is imposed.**
- 38 **Sec. 9.5. Owners of the following property may not be included**
- 39 **within the territory of a district and the owners of such property**
- 40 **shall not be considered in determining whether the petition**

signature requirements under section 13 of this chapter are met:

(1) Any property that receives a homestead standard deduction under IC 6-1.1-12-37.

(2) Any property that is used for single family residential housing.

(3) Any property that is used for multi-unit residential housing.

In addition, the property described in this section shall not be subject to a special assessment under this chapter.

Sec. 10. Subject to section 9.5 of this chapter, the territory of a tourism improvement district:

(1) in the case of a municipality, may include only territory within the municipality; or

(2) in the case of a county, may include only territory of the county that is not within any municipality in the county.

Sec. 11. (a) A special assessment on businesses located within the district shall be levied on the basis of the estimated benefit to the businesses within the district. The unit's legislative body may use the classification of the types of businesses described in section 9(c)(5) of this chapter in determining the benefit to a business provided by the district.

(b) The special assessment that may be levied on businesses located within the district may take any form that confers benefits to the assessed business and may include any combination of the following methods:

(1) A percentage rate per transaction at a business within the district.

(2) A fixed rate per transaction per day at a business within the district.

(3) A percentage of gross sales at a business within the district.

(c) The special assessment may be levied on different types of businesses located within the district and is not required to be levied on the same basis or at the same rate.

Sec. 12. (a) After receipt of a petition under section 9 of this chapter, the clerk of the municipality or the county auditor shall, in the manner provided by IC 5-3-1, publish notice of a hearing on the proposed district. The clerk of the municipality or the county auditor shall mail a copy of the notice to each owner within the proposed district. The notice must include the boundaries of the

1 proposed district, a description of the proposed activities and
2 improvements, the proposed formula for determining the
3 percentage of the total benefit to be received by each business, the
4 method of determining the benefit received by each business, and
5 the hearing date. The date of the hearing may not be more than
6 sixty (60) days after the date on which the notice is mailed.

7 (b) At the public hearing under subsection (a), the legislative
8 body shall hear all owners in the proposed district (who appear
9 and request to be heard) upon the questions of:

10 (1) the sufficiency of the notice;

11 (2) whether the proposed activities and improvements are of
12 public utility and benefit;

13 (3) whether the formula or method to be used for the
14 assessment of special benefits is appropriate;

15 (4) whether the district contains all, or more or less than all,
16 of the territory specially benefited by the activities and
17 improvements; and

18 (5) whether each individual business owner:

19 (A) that did not sign to approve the petition; and

20 (B) would be subject to the assessment of the district that
21 has otherwise reached the approval threshold;
22 wishes to make a request for exclusion from the district, to be
23 approved or denied by the legislative body before the final
24 passage of the ordinance establishing the district.

25 Sec. 13. (a) After conducting a hearing on the proposed district,
26 the legislative body may adopt an ordinance establishing the
27 district if it determines that:

28 (1) the petition meets the requirements of this section and
29 sections 9 through 11 of this chapter;

30 (2) the activities and improvements to be undertaken in the
31 district will provide special benefits to businesses in the
32 district and will be of public utility and benefit;

33 (3) the benefits provided by the activities and improvements
34 will be new benefits that do not replace benefits existing
35 before the establishment of the district; and

36 (4) the formula or method to be used for the assessment of
37 special benefits is appropriate.

38 (b) The legislative body may adopt the ordinance only if it
39 determines that the petition has been signed by:

40 (1) at least fifty percent (50%) of the owners of businesses

1 within the proposed district; and

2 (2) the owners of businesses within the proposed district that
3 constitute more than fifty percent (50%) of the revenue to be
4 collected from the special assessments.

5 (c) The ordinance shall:

6 (1) incorporate the information set forth in the district plan;

7 (2) specify the time and manner in which special assessments
8 levied under this chapter are to be collected and paid to the
9 unit's fiscal officer for deposit in the tourism improvement
10 fund established under section 14 of this chapter; and

11 (3) include any other content that the legislative body
12 determines is reasonable as it relates to the operation of the
13 district.

14 For purposes of subdivision (2), the collection of special
15 assessments under this chapter may occur at the same time and in
16 the same manner as for an innkeeper's tax under IC 6-9, including
17 the application of any enforcement mechanisms and interest and
18 penalty attributable to innkeeper's taxes under IC 6-9-29.

19 (d) The adoption of an ordinance establishing a district does not
20 affect and may not be construed to authorize any decrease in the
21 level of publicly funded tourism promotion services that existed
22 before the district's establishment.

23 Sec. 14. (a) The unit's fiscal officer shall establish a special fund,
24 known as the tourism improvement fund, and shall deposit in the
25 tourism improvement fund all special assessments received under
26 this chapter and any other amounts received by the fiscal officer.

27 (b) The unit's fiscal officer may transfer money in the tourism
28 improvement fund to the district management association to be
29 used only for the purposes specified in the ordinance establishing
30 the district. Any bonds issued under this chapter are payable solely
31 from special assessments deposited in the tourism improvement
32 fund and other revenues of the district.

33 (c) Any money earned from investment of money in the tourism
34 improvement fund becomes a part of the tourism improvement
35 fund.

36 Sec. 15. (a) The unit shall contract with the district management
37 association designated in the district plan to administer and
38 implement the district's activities and improvements.

39 (b) The district management association may be either an
40 existing nonprofit corporation or a newly formed nonprofit

corporation. If the district management association is a new nonprofit corporation created to manage the district, the certificate of incorporation or bylaws of the district management association shall provide for voting representation of owners within the district. If the district management association is an existing nonprofit corporation, the existing nonprofit corporation may create a committee of district owners or owners' representatives.

(c) The district management association may make recommendations to the unit's legislative body with respect to any matter involving or relating to the district.

(d) The unit's legislative body, for any consideration that it considers appropriate, may license or grant to the district management association the right to undertake or permit commercial activities or other private uses of the streets or other parts of the district in which the unit has any real property interest.

Sec. 16. (a) A district may issue bonds to provide improvements. The term of any bonds issued may not exceed ten (10) years. If a district is renewed under section 17 of this chapter, the term of any bonds issued may not exceed ten (10) years from the date of renewal.

(b) Bonds issued under this chapter do not constitute an indebtedness of the unit within the meaning of a constitutional or statutory debt limitation.

Sec. 17. (a) The initial term for a district shall be at least three (3) years and not more than ten (10) years.

(b) A district may be renewed for one (1) additional period of not more than ten (10) years by following the procedures for the initial establishment of a district as set forth in sections 9 through 13 of this chapter.

(c) If a district is renewed, any remaining revenues derived from the levy of a special assessment, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. The following apply to the transfer of any remaining revenues of a renewed district:

(1) If the renewed district includes a business not included in the prior district, the remaining revenues shall be spent to benefit only the business in the prior district.

(2) If the renewed district does not include a business included in the prior district, the remaining revenues attributable to

the parcel shall be refunded to the owners of the business by applying the method the district used under section 11 of this chapter to calculate the special assessment before the renewal.

(d) The boundaries, special assessments, improvements, or activities of a renewed district are not required to be the same as the original or prior district.

Sec. 18. An ordinance adopted under section 13 of this chapter may be amended if notice of the proposed amendment is published and mailed in the manner provided by section 12 of this chapter. However, if an amendment proposes to:

- (1) levy a new or increased special assessment;
- (2) change the district's boundaries; or
- (3) issue a new bond;

the unit's legislative body shall require compliance with the procedures set forth in sections 9 through 13 of this chapter before amending the ordinance.

Sec. 19. (a) During the operation of the district, there shall be a thirty (30) day period, beginning one (1) year after the date of the district's establishment and in each year thereafter, in which the owners may request dissolution of the district in accordance with this section.

(b) After a public hearing before the unit's legislative body, the legislative body may dissolve a district by ordinance in either of the following circumstances:

- (1) If the legislative body finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district.
- (2) At any time during the annual thirty (30) day period described in subsection (a).

(c) Upon the written petitions of the owners or authorized representatives of businesses in the district that pay fifty percent (50%) or more of the special assessments levied, the unit's legislative body shall pass a resolution of intention to dissolve the district.

(d) The unit's legislative body shall first adopt a resolution of intention to dissolve the district before the public hearing to dissolve a district under this section. The resolution of intention must include each of the following items:

- (1) The reason for the dissolution.
- (2) The time and place of the public hearing.

1 (3) A proposal to dispose of any assets acquired with the
 2 revenues of the special assessments levied within the district.
 3 The notice of the hearing on the resolution of intent to dissolve the
 4 district shall be published in the manner provided by IC 5-3-1 and
 5 must also be given by mail to the owner of each business subject to
 6 a special assessment in the district. The legislative body shall
 7 conduct the public hearing on the resolution of intention to dissolve
 8 the district not later than thirty (30) days after the date the notice
 9 is mailed to the assessed owners.

10 (e) The public hearing to dissolve the district shall be held not
 11 more than sixty (60) days after the date of the adoption of the
 12 resolution of intention.

13 (f) A dissolution of a district under this section has the effect of
 14 repealing the ordinance adopted under section 13 of this chapter
 15 that established the district.

16 Sec. 20. (a) The district management association shall submit an
 17 annual report to the legislative body and the fiscal body before
 18 January 1 of each year, beginning in the year after the first year of
 19 the district's establishment.

20 (b) The report shall contain the following information:

21 (1) The use of revenue collected from special assessments
 22 levied under this chapter for that year.

23 (2) The activities and improvements to be provided for the
 24 ensuing year and an estimate of the cost of providing the
 25 activities and improvements for the ensuing year.

26 (3) The estimated amount of any surplus or deficit revenues
 27 to be carried over from the prior year.

28 Sec. 21. (a) Upon the dissolution or expiration without renewal
 29 of a district, any remaining revenues, after all outstanding debts
 30 are paid, derived from the:

31 (1) levy of special assessments; or

32 (2) sale of assets acquired with the revenues of the district or
 33 from bond reserve funds or construction funds;

34 shall be refunded to the owners located within the district on or
 35 before the date of the district's dissolution or expiration without
 36 renewal.

37 (b) The amount of the refund provided under subsection (a) to
 38 an owner shall be determined by applying the method the district
 39 used under section 11 of this chapter to calculate the special
 40 assessment in the year:

1 **(1) in which the district was dissolved or allowed to expire**
2 **without renewal; or**

3 **(2) before the district was dissolved or allowed to expire**
4 **without renewal if a special assessment had not been levied.**

5 **However, in lieu of providing a refund, the unit's legislative body**
6 **may instead elect to spend any remaining revenues on activities**
7 **and improvements specified in the ordinance that established the**
8 **district before its dissolution or expiration without renewal.**

9 **(c) Any liabilities incurred by the district are not an obligation**
10 **of the unit and are payable solely from the collection of special**
11 **assessments deposited in the special fund under section 14 of this**
12 **chapter and other revenues of the district.**

13 **Sec. 22. Notwithstanding any other provision of this chapter,**
14 **special assessments levied to pay the principal and interest on any**
15 **bonds issued under this chapter may not be reduced or terminated**
16 **if doing so would interfere with the timely retirement of the debt."**

17 Renumber all SECTIONS consecutively.

 (Reference is to HB 1210 as introduced.)