



January 21, 2026

SENATE BILL No. 281

DIGEST OF SB 281 (Updated January 20, 2026 12:16 pm - DI 129)

Citations Affected: IC 5-28; IC 6-3.1; IC 36-7.6; noncode.

Synopsis: Income tax credits. Provides, beginning after June 30, 2026, for an increase in the aggregate amount of applicable tax credits that the Indiana economic development corporation may certify each state fiscal year. Amends and adds provisions regarding the redevelopment tax credit, including provisions concerning the promotion of regional collaboration and the use of development plans with respect to certain qualified investments. Authorizes a regional development authority to establish a regional development advisory council. Modifies a provision regarding augmentation of the deal closing fund by the budget agency in HEA 1001-2025.

Effective: July 1, 2026.

Goode

January 12, 2026, read first time and referred to Committee on Tax and Fiscal Policy.
January 20, 2026, amended, reported favorably — Do Pass.

SB 281—LS 6974/DI 120



January 21, 2026

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

SENATE BILL No. 281

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

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

- 1 SECTION 1. IC 5-28-6-9, AS AMENDED BY P.L.213-2025,
2 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 9. (a) Subject to subsection (c), the aggregate
4 amount of applicable tax credits that the corporation may certify:
5 (1) for each state fiscal year ending on or before June 30, 2025,
6 for all taxpayers is two hundred fifty million dollars
7 (\$250,000,000); ~~and~~
8 (2) for each state fiscal year **beginning after June 30, 2025, and**
9 ending ~~on or after before~~ July 1, ~~2025, 2026~~, for all taxpayers is
10 three hundred million dollars (\$300,000,000). Each certification
11 under this subdivision is subject to budget committee review; **and**
12 **(3) for each state fiscal year beginning after June 30, 2026,**
13 **and each state fiscal year thereafter, for all taxpayers is three**
14 **hundred fifty million dollars (\$350,000,000). Each**
15 **certification under this subdivision is subject to budget**
16 **committee review.**
17 (b) For purposes of determining the amount of applicable tax credits

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that have been certified for a state fiscal year, the following apply:

(1) An applicable tax credit is considered awarded in the state fiscal year in which the taxpayer can first claim the credit, determined without regard to any carryforward period or carryback period.

(2) An applicable tax credit awarded by the corporation before July 1, 2022, shall be counted toward the aggregate credit limitation under this section.

(3) If an accelerated credit is awarded under IC 6-3.1-26-15, the amount counted toward the aggregate credit limitation under this section for a state fiscal year shall be the amount of the credit for the taxable year described in subdivision (1) prior to any discount.

(c) Notwithstanding subsection (a), if the corporation determines that:

(1) an applicable tax credit should be certified in a state fiscal year; and

(2) certification of the applicable tax credit will result in an aggregate amount of applicable tax credits certified for that state fiscal year that exceeds the maximum amount provided in subsection (a);

the corporation may, after review by the budget committee, certify the applicable tax credit to the taxpayer.

(d) This section expires December 31, 2032.

SECTION 2. IC 6-3.1-34-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) In order to facilitate the redevelopment and rehabilitation of property in Indiana that promotes regional collaboration and long term strategic planning, the corporation may commit a tax credit to a development authority pursuant to a development plan approved by the corporation, which may subsequently be awarded by the corporation at the request of a development authority to a taxpayer proposing a qualified investment in a qualified redevelopment site that is included in the development authority's development plan.**

(b) The corporation shall award fifty million dollars (\$50,000,000) to development authorities each fiscal year that may be granted to taxpayers proposing qualified investment in a qualified redevelopment site pursuant to a development plan approved by the corporation.

SECTION 3. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS



[EFFECTIVE JULY 1, 2026]: **Sec. 2.1. As used in this chapter, "development authority" refers to a regional development authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or IC 36-7.7-3-1. The term includes a qualified nonprofit organization formed to support economic development across the region and which does not represent a single interest group or local unit or units within a single county.**

SECTION 4. IC 6-3.1-34-2.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.2. (a) As used in this chapter, "development plan" refers to a comprehensive strategic development plan approved by the development authority for its jurisdiction and which outlines its economic development strategy, the anticipated local resource commitments, the proposed regionally significant projects, the return on investment analysis reflecting a positive state return for such projects, the requirement that an equal or greater level of local public financial participation in the aggregate across all projects, the requirement that projects are reasonably expected to spur a total investment across all projects that is four (4) times greater than the level of the state resources provided on a present value basis, and that each project supported would not occur but for the provision of the requested state resources.**

(b) The development plan shall also include specific, measurable five (5) and ten (10) year objectives, and plans for achieving the objectives, for the region, including targets for:

- (1) per capita income;**
- (2) population;**
- (3) employment; and**
- (4) credential attainment among residents;**

in the region.

SECTION 5. IC 36-7.6-2-3, AS AMENDED BY P.L.178-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 3. (a) A development authority may be established by any of the following:**

- (1) One (1) or more counties and one (1) or more adjacent counties.**
- (2) One (1) or more counties and one (1) or more qualified cities in adjacent counties.**
- (3) One (1) or more qualified cities and one (1) or more qualified cities in adjacent counties.**

(b) A county or qualified city may participate in the establishment



of a development authority under this section and become a member of the development authority only if the fiscal body of the county or qualified city adopts an ordinance authorizing the county or qualified city to participate in the establishment of the development authority. **For a county or city that is currently participating in a development authority, the fiscal body of the county or qualified city may adopt a subsequent ordinance authorizing the county or qualified city to change membership and instead participate in a new or different development authority.**

(c) When a county establishes a development authority with another unit as provided in this chapter, each qualified city and third class city in the county also becomes a member of the development authority, without further action by the qualified city, ~~the~~ third class city, or the development authority.

(d) Notwithstanding any other provision of this article, a county or municipality may be a member of only one (1) development authority.

(e) Notwithstanding any other provision of this article, a county or municipality that is a member of the northwest Indiana regional development authority under IC 36-7.5 may not be a member of a development authority under this article.

(f) A development authority shall notify the Indiana economic development corporation in writing promptly after the development authority is established **or if membership of the development authority changes.**

SECTION 6. IC 36-7.6-2-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 16. (a) A development authority may establish a regional development advisory council. The regional development advisory council shall consist of members appointed according to the following:**

(1) One (1) member appointed by the county executive of each county that is a member of the development authority.

(2) One (1) member appointed by the governor.

(3) Two (2) members appointed by the speaker of the house of representatives.

(4) Two (2) members appointed by the president pro tempore of the senate.

(5) At least three (3) members appointed by the development authority that are mayors in the development area, with at least (1) appointee residing in a county located in the development area that does not contain a municipality with a population of twenty-five thousand (25,000) or more, if one



exists in the development area.

(b) A member appointed to the regional development advisory council serves a two (2) year term. A member may be reappointed to subsequent terms.

(c) Each member must reside within the development area, but not more than four (4) members may reside in the same county.

(d) A majority of the appointed members of a regional development advisory council constitutes a quorum. The affirmative votes of at least a majority of the appointed members of a regional development advisory council are necessary to authorize any action of the regional development advisory council.

(e) A member appointed to a regional development advisory council is not entitled to receive any compensation for performance of the member's duties.

(f) Not later than October 1 each year, the regional development advisory council shall hold an organizational meeting at which the regional development advisory council shall elect the following officers from the members of the regional development advisory council:

(1) A chair.

(2) A vice chair.

(3) A secretary-treasurer.

The affirmative vote of at least a majority of the appointed members of a regional development advisory council is necessary to elect an officer under this subsection. An officer elected under this subsection serves from the date of the officer's election until the officer's successor is elected and qualified.

(g) The regional development advisory council shall meet at the call of the chair.

(h) This section shall not apply to a development authority established under this article that includes a county listed in IC 36-7-39-2 as a member.

SECTION 7. [EFFECTIVE JULY 1, 2026] (a) Notwithstanding any other provision, after review by the budget committee, the appropriation for the deal closing fund in P.L.213-2025 (HEA 1001-2025) may be augmented by the budget agency. The terms in P.L.213-2025 (HEA 1001-2025) for the deal closing fund limiting augmentation by the budget agency to any economic development project located within an innovation development district are repealed.

(b) This SECTION expires July 1, 2027.



COMMITTEE REPORT

Mr. President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 281, 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, delete lines 1 through 17.

Delete pages 2 through 5.

Page 6, delete lines 1 through 2.

Page 6, line 15, delete "two" and insert "**three**".

Page 6, line 16, delete "(\$250,000,000)" and insert "**(\$350,000,000)**".

Delete pages 7 through 18.

Page 19, delete lines 1 through 16, begin a new paragraph and insert:

"SECTION 2. IC 6-3.1-34-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) In order to facilitate the redevelopment and rehabilitation of property in Indiana that promotes regional collaboration and long term strategic planning, the corporation may commit a tax credit to a development authority pursuant to a development plan approved by the corporation, which may subsequently be awarded by the corporation at the request of a development authority to a taxpayer proposing a qualified investment in a qualified redevelopment site that is included in the development authority's development plan.**

(b) The corporation shall award fifty million dollars (\$50,000,000) to development authorities each fiscal year that may be granted to taxpayers proposing qualified investment in a qualified redevelopment site pursuant to a development plan approved by the corporation.

SECTION 3. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. As used in this chapter, "development authority" refers to a regional development authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or IC 36-7.7-3-1. The term includes a qualified nonprofit organization formed to support economic development across the region and which does not represent a single interest group or local unit or units within a single county.**

SECTION 4. IC 6-3.1-34-2.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2026]: **Sec. 2.2. (a) As used in this chapter, "development plan" refers to a comprehensive strategic development plan approved by the development authority for its jurisdiction and which outlines its economic development strategy, the anticipated local resource commitments, the proposed regionally significant projects, the return on investment analysis reflecting a positive state return for such projects, the requirement that an equal or greater level of local public financial participation in the aggregate across all projects, the requirement that projects are reasonably expected to spur a total investment across all projects that is four (4) times greater than the level of the state resources provided on a present value basis, and that each project supported would not occur but for the provision of the requested state resources.**

(b) The development plan shall also include specific, measurable five (5) and ten (10) year objectives, and plans for achieving the objectives, for the region, including targets for:

- (1) per capita income;**
- (2) population;**
- (3) employment; and**
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in the region.

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- (1) One (1) or more counties and one (1) or more adjacent counties.**
- (2) One (1) or more counties and one (1) or more qualified cities in adjacent counties.**
- (3) One (1) or more qualified cities and one (1) or more qualified cities in adjacent counties.**

(b) A county or qualified city may participate in the establishment of a development authority under this section and become a member of the development authority only if the fiscal body of the county or qualified city adopts an ordinance authorizing the county or qualified city to participate in the establishment of the development authority. For a county or city that is currently participating in a development authority, the fiscal body of the county or qualified city may adopt a subsequent ordinance authorizing the county or qualified city to change membership and instead participate in a new or different development authority.



(c) When a county establishes a development authority with another unit as provided in this chapter, each qualified city and third class city in the county also becomes a member of the development authority, without further action by the qualified city, **the** third class city, or the development authority.

(d) Notwithstanding any other provision of this article, a county or municipality may be a member of only one (1) development authority.

(e) Notwithstanding any other provision of this article, a county or municipality that is a member of the northwest Indiana regional development authority under IC 36-7.5 may not be a member of a development authority under this article.

(f) A development authority shall notify the Indiana economic development corporation in writing promptly after the development authority is established **or if membership of the development authority changes."**

Page 20, delete lines 25 through 29, begin a new paragraph and insert:

"SECTION 7. [EFFECTIVE JULY 1, 2026] (a) Notwithstanding any other provision, after review by the budget committee, the appropriation for the deal closing fund in P.L.213-2025 (HEA 1001-2025) may be augmented by the budget agency. The terms in P.L.213-2025 (HEA 1001-2025) for the deal closing fund limiting augmentation by the budget agency to any economic development project located within an innovation development district are repealed.

(b) This SECTION expires July 1, 2027."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 281 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 1.

