



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

SB 281—LS 6974/DI 120



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

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

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

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

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

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

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

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

23 (d) This section expires December 31, 2032.

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

36 (b) **The corporation shall award fifty million dollars**
37 **(\$50,000,000) to development authorities each fiscal year that may**
38 **be granted to taxpayers proposing qualified investment in a**
39 **qualified redevelopment site pursuant to a development plan**
40 **approved by the corporation.**

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



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

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

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

- 27 (1) per capita income;
- 28 (2) population;
- 29 (3) employment; and
- 30 (4) credential attainment among residents;

31 in the region.

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

- 36 (1) One (1) or more counties and one (1) or more adjacent
37 counties.
- 38 (2) One (1) or more counties and one (1) or more qualified cities
39 in adjacent counties.
- 40 (3) One (1) or more qualified cities and one (1) or more qualified
41 cities in adjacent counties.

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



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

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

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

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

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

25 SECTION 6. IC 36-7.6-2-16 IS ADDED TO THE INDIANA CODE
26 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
27 1, 2026]: Sec. 16. (a) A development authority may establish a
28 regional development advisory council. The regional development
29 advisory council shall consist of members appointed according the
30 following:

- 31 (1) One (1) member appointed by the county executive of each
32 county that is a member of the development authority.
- 33 (2) One (1) member appointed by the governor.
- 34 (3) Two (2) members appointed by the speaker of the house of
35 representatives.
- 36 (4) Two (2) members appointed by the president pro tempore
37 of the senate.
- 38 (5) At least three (3) members appointed by the development
39 authority that are mayors in the development area, with at
40 least (1) appointee residing in a county located in the
41 development area that does not contain a municipality with a
42 population of twenty-five thousand (25,000) or more, if one



1 exists in the development area.

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

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

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

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

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

20 (1) A chair.

21 (2) A vice chair.

22 (3) A secretary-treasurer.

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

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

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

33 SECTION 7. [EFFECTIVE JULY 1, 2026] (a) Notwithstanding
34 any other provision, after review by the budget committee, the
35 appropriation for the deal closing fund in P.L.213-2025 (HEA
36 1001-2025) may be augmented by the budget agency. The terms in
37 P.L.213-2025 (HEA 1001-2025) for the deal closing fund limiting
38 augmentation by the budget agency to any economic development
39 project located within an innovation development district are
40 repealed.

41 (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



[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.**".

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.

