

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6974
BILL NUMBER: SB 281

NOTE PREPARED: Jan 20, 2026
BILL AMENDED: Jan 20, 2026

SUBJECT: Income Tax Credits.

FIRST AUTHOR: Sen. Goode
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *IEDC Tax Credit Certification Limit*: The bill provides, beginning after June 30, 2026, for an increase in the aggregate amount of applicable tax credits that the Indiana Economic Development Corporation (IEDC) may certify each state fiscal year.

Redevelopment Tax Credit: The bill also 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.

Regional Development Advisory Council: It authorizes a regional development authority to establish a regional development advisory council.

Deal Closing Fund: The bill modifies a provision regarding augmentation of the Deal Closing Fund by the Budget Agency in HEA 1001-2025.

Effective Date: (Amended) July 1, 2026.

Explanation of State Expenditures: (Revised) *Redevelopment Tax Credit–Workload*: The Department of State Revenue (DOR) and the IEDC will experience additional workload and expenses to implement the changes to the Redevelopment Tax Credit. The DOR and the IEDC should be able to make these changes within current resource levels.

(Revised) *Deal Closing Fund*: Any increase in state General Fund expenditures for augmentation of the appropriation for the Deal Closing Fund would require action and approval by the Budget Agency and Budget Committee. In HEA 1001-2025, augmentation for the appropriation for the Deal Closing Fund was allowed but was limited to economic development projects located within an innovation development district. This bill removes the requirement that augmentation is limited to projects within innovation development districts.

Explanation of State Revenues: (Revised) *Redevelopment Tax Credit and the IEDC Certification Limit*:

The bill increases the limit on the amount of tax credits that the IEDC can certify annually under IC 5-28-6-9 from \$300 M to \$350 M beginning in FY 2027. The increase in credit certifications and required awards for the Redevelopment Tax Credit could reduce state General Fund revenue by up to \$50 M annually beginning in FY 2027 due to an increase in credit claims for certified credits.

The bill requires the IEDC to award \$50 M in Redevelopment Tax Credits to development authorities each fiscal year. The tax credits would then be granted to taxpayers proposing qualified investment in a qualified redevelopment site. Under IC 6-3.1-34-23, Redevelopment Tax Credits are subject to the IEDC certification limit.

Explanation of Local Expenditures: (Revised) Regional development authorities would have additional workload to create development plans and to request awards for the Redevelopment Tax Credit from the IEDC for taxpayers proposing qualified investment in a qualified redevelopment site.

The bill allows development authorities to establish regional development advisory councils. A member appointed to a regional advisory council is not entitled to receive any compensation for performance of the member's duties.

Explanation of Local Revenues:

State Agencies Affected: Budget Committee; Department of State Revenue; Indiana Economic Development Authority; State Budget Agency.

Local Agencies Affected: Regional Development Authorities.

Information Sources:

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