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SENATE BILL No. 281

Proposed Changes to introduced printing by AM028102

DIGEST OF PROPOSED AMENDMENT

Various changes. Removes provisions to establish a regional economic development initiative endowment pool and Indiana regional economic development investment pool board. Removes provisions that would establishes a state income tax credit for qualified contributions to a Trump account. Amends the provisions in the bill that limit the aggregate amount of applicable tax credits that the Indiana economic development corporation may certify each state fiscal year. Amends the provisions in the bill regarding the redevelopment tax credit. Retains a provision authorizing a regional development authority to establish a regional development advisory council. Allows a county or city that is currently participating in a development authority to change its membership and instead participate in a new or different development authority. Makes changes regarding augmentation of the deal closing fund by the budget agency in HEA 1001-2025.

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 5-13-9-13 IS ADDED TO THE INDIANA~~
2 ~~CODE AS A NEW SECTION TO READ AS FOLLOWS~~
3 ~~EFFECTIVE JULY 1, 2026]~~; **Sec. 13. (a) The following definitions**
4 **apply throughout this section:**
5 **(1) "Applicable development authority ratio" means:**
6 **(A) for unrestrictive funds, the population of all of the**
7 **jurisdictions participating in the development authority**
8 **divided by the population of all jurisdictions**
9 **participating in all development authorities; and**
10 **(B) for restrictive funds, the development authority ratio**
11 **determined by the board consistent with any grant**
12 **restrictions applicable to restricted funds to ensure that**

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~~a development authority receives its intended proportionate portion of such restricted funds and its applicable investment earnings.~~

(2) "Applicable portion of the investment earnings" means the investment returns from the endowment pool determined by the board to be distributed to all development authority accounts multiplied by the applicable development authority ratio.

(3) "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 that is designated by the secretary of commerce as the lead economic development agency for the jurisdiction for which that regional development authority operates.

~~(4) "Operating account" refers to a development authority operating account established under subsection (e).~~

(5) "Capital account" refers to a development authority capital account established under subsection (g).

(6) "Endowment pool" means the regional economic development initiative endowment pool established by subsection (b);

(7) "Board" refers to the Indiana regional economic development investment pool board established by section 14 of this chapter.

— (b) The regional economic development initiative endowment pool is established within the office and custody of the treasurer of state.

~~(c) An officer designated in section 1 of this chapter may pay any funds held by the officer into the endowment pool for the purpose of deposit, investment, and reinvestment of the funds by the treasurer of state on behalf of each development authority that has authorized the establishment of a development authority operating account or a development authority capital account.~~

(d) The treasurer of state may enter into agreements or otherwise accept gifts, bequests, donations, and devises of personal and real property for the endowment pool (including any account established under this section) or deposit any appropriations designated for such purposes in the endowment pool (including any account established under this section).

~~(e) The treasurer of state shall establish an operating account in the endowment pool for each development authority that enters into an agreement with the treasurer of state governing such~~

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1 account.

2 (f) The agreement entered into under subsection (e) shall
 3 provide for the distribution of the applicable allocation of the
 4 investment earnings to the development authority account and for
 5 the conditions, local funding match requirements, and uses for the
 6 distribution of such development authority operating account
 7 funding to the development authority. Any funding distributed to
 8 a development authority shall be used to support regional
 9 economic development administrative and programming activities.

10 (g) The treasurer of state shall establish a capital account in
 11 the endowment pool for each development authority that enters
 12 into an agreement with the treasurer of state governing such
 13 capital account.

14 (h) The agreement entered into under subsection (g) shall
 15 provide for distributions of funds in the capital account to the
 16 development authority in the form of a grant or loans and shall set
 17 forth the conditions, local funding match requirements, and uses
 18 for the distribution of such development authority capital account
 19 funding. Consistent with such account agreement, any funding
 20 from the development authority capital account shall be
 21 distributed to a development authority for projects approved by
 22 the development authority and the Indiana economic development
 23 corporation pursuant to specific terms and related documentation
 24 approved by the board.

25 (i) The treasurer of state shall invest the funds in the
 26 endowment pool in the same manner, in the same type of
 27 instruments, and subject to the same limitations provided for the
 28 deposit and investment of state funds by the treasurer of state
 29 under IC 5-13-10.5, with such exceptions as may be determined by
 30 the board.

31 (j) The treasurer of state:

32 (1) shall administer the endowment pool in accordance with
 33 the policies of the board; and

34 (2) with the permission of the board, may contract with
 35 accountants, attorneys, regulated investment advisors,
 36 money managers, consultants, and other finance and
 37 investment professionals to make investments or
 38 distributions to development authorities and provide for the
 39 public accounting and legal compliance necessary to ensure
 40 and maintain the safety, liquidity, and yield of the
 41 endowment pool.

42 (k) The treasurer of state shall follow the policies established



1 by the board. The treasurer of state must ensure the following:

2 (1) The administrative expenses of the endowment pool shall
 3 be accounted for by the treasurer of state and shall be paid
 4 from the earnings of the endowment pool.

5 (2) The earnings of the endowment pool in excess of the
 6 administrative expenses of the endowment pool shall be
 7 reinvested in the endowment pool subject to any
 8 distributions under subsection (f).

9 (3) Each development authority with an account shall receive
 10 electronic or paper reports, including:

11 (A) a daily transaction confirmation, reflecting any
 12 activity in the development authority's account; and

13 (B) a monthly report showing:

14 (i) the development authority's investment activity
 15 in the endowment pool; and

16 (ii) the performance and composition of the
 17 endowment pool.

18 SECTION 2. IC 5-13-9-14 IS ADDED TO THE INDIANA CODE
 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 20 1, 2026]: See. 14. (a) As used in this section, "board" refers to the
 21 Indiana regional economic development investment pool board
 22 established by subsection (c).

23 (b) As used in this section, "endowment pool" refers to the
 24 regional economic development initiative endowment pool
 25 established by section 13(b) of this chapter.

26 (c) The Indiana regional economic development investment
 27 pool board is established. The purpose of the board is to establish
 28 policies for the investment of funds contributed to the endowment
 29 pool.

30 (d) The board consists of the following seven (7) members:

31 (1) The treasurer of state;

32 (2) The director of the Indiana department of financial
 33 institutions;

34 (3) Two (2) members with practical experience with financial
 35 institutions, philanthropy and endowment management, or
 36 financial investments domiciled in Indiana, appointed by the
 37 president pro tempore of the senate;

38 (4) Two (2) members with practical experience with financial
 39 institutions, philanthropy and endowment management, or
 40 financial investments domiciled in Indiana, appointed by the
 41 speaker of the house of representatives;

42 (5) One (1) member with practical experience with financial



1 **institutions, philanthropy and endowment management, or**
2 **financial investments domiciled in Indiana, appointed by**
3 **governor:**

~~7 (f) A member under subsection (d)(1) or (d)(2) who ceases to~~
~~8 hold the office or qualification described in subsection (d)(1) or~~
~~9 (d)(2) ceases to be a member of the board.~~

10 (g) The governor shall designate one (1) of the members as
11 chairperson. The chairperson has one (1) vote on all matters voted
12 on by the members.

13 (h) A member of the board who is appointed under subsection
14 (d)(3), (d)(4), or (d)(5) serves a term that ends June 30 of the
15 odd-numbered year four (4) years after the appointment.

16 ~~(i) The board shall meet at least four (4) times a year and at~~
17 ~~the call of the chairperson.~~

18 ~~(j) Five (5) members of the board constitute a quorum. The~~
19 ~~affirmative votes of four (4) members are required to take any~~
20 ~~action.~~

30 (1) The expenses of the board shall be paid from the
31 endowment pool.

32 (m) The board shall establish policies regarding how the
33 treasurer of state shall administer and invest the funds in the
34 endowment pool. The policies must provide the following:

35 (1) There is not a minimum time for which funds paid into a
36 development authority operating account must be retained
37 in such development authority operating account.

38 (2) The endowment pool shall be audited at least annually by
39 an independent auditing firm, with an electronic or paper
40 copy of the audit provided to each development authority
41 that has a development authority operating account or a
42 development authority capital account established under

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~~section 13 of this chapter.~~

(3) Not less than one hundred percent (100%) of funds in a development authority operating account, and fifty percent (50%) of funds in a development authority capital account, shall be deposited in banks qualified to hold deposits for such development authority and have a presence in (or otherwise serve, if no bank has a presence in) the jurisdiction in which such development authority operates.

~~— SECTION 3.→ IC 5-28-6-9, AS AMENDED BY P.L.213-2025, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE~~

JULY 1, 2026]: Sec. 9. (a) Subject to subsection (c), the aggregate amount of applicable tax credits that the corporation may certify:

(1) for each state fiscal year ending on or before June 30, 2025, for all taxpayers is two hundred fifty million dollars (\$250,000,000); and

(2) for each state fiscal year **beginning after June 30, 2025, and ending on or after before** July 1, 2025; 2026, for all taxpayers is three hundred million dollars (\$300,000,000). Each certification under this subdivision is subject to budget committee review; and

(3) for each state fiscal year beginning after June 30, 2026, and each state fiscal year thereafter, for all taxpayers is ~~two~~three hundred fifty million dollars (\$~~2~~350,000,000). Each certification under this subdivision is subject to budget committee review.

(b) For purposes of determining the amount of applicable tax credits 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:

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- (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 ~~44-2~~ [2]. ~~IC 6-3-3-16~~ [IC 6-3.1-34-0.5] IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE ~~JANUARY~~ [JULY] 1, 2026 ~~(RETROACTIVE)~~]: Sec. ~~16~~ [0.5]. (a) ~~As used in this section, "Trump account" refers to a Trump account established under Section 530A of the Internal Revenue Code for the exclusive benefit of an eligible individual.~~

~~(b) As used in this section, "eligible individual" has the same meaning set forth in Section 530A(b)(2) of the Internal Revenue Code.~~

— (c) As used in this section, "qualifying contribution" means the amount of money contributed to a Trump account by a taxpayer in a taxable year that does not exceed the contribution limitation in Section 530A(c)(2)(A) of the Internal Revenue Code. The term does not include:

(1) an exempt contribution as defined in Section 530A(c)(2)(B) of the Internal Revenue Code; or

~~(2) an employer contribution under Section 128 of the Internal Revenue Code.~~

(d) As used in this section, "taxpayer" means:

~~(1) an individual filing a single return;~~

~~(2) a married couple filing a joint return; or~~

~~(3) a married individual filing a separate return.~~

(e) A taxpayer that makes a qualifying contribution to a Trump account is entitled to a credit against the taxpayer's adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to the least of the following:

(1) Twenty percent (20%) multiplied by the amount of the total qualifying contributions that are made by the taxpayer to a Trump account or accounts during the taxable year.

(2) One thousand five hundred dollars (\$1,500), or seven hundred fifty dollars (\$750) in the case of a married individual filing a separate return.



1 (3) The amount of the taxpayer's adjusted gross income tax
 2 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,
 3 reduced by the sum of all credits (as determined without
 4 regard to this section) allowed by IC 6-3-1 through IC 6-3-7.
 5 (f) A taxpayer who makes a qualifying contribution to a
 6 Trump account is considered to have made the contribution on the
 7 date that the qualifying contribution amount is deposited in the
 8 Trump account.
 9 (g) A taxpayer is not entitled to a carryback, carryover, or
 10 refund of an unused credit.
 11 (h) A taxpayer may not sell, assign, convey, or otherwise
 12 transfer the credit provided by this section.
 13 (i) To receive the credit provided by this section, a taxpayer
 14 must claim the credit on the taxpayer's annual state tax return or
 15 returns in the manner prescribed by the department. The taxpayer
 16 shall submit to the department all information that the department
 17 determines is necessary for the calculation of the credit provided
 18 by this section.
 19 [In order to facilitate the redevelopment and
 20 rehabilitation of property in Indiana that promotes regional
 21 collaboration and long term strategic planning, the corporation
 22 may commit a tax credit to a development authority pursuant to a
 23 development plan approved by the corporation, which may
 24 subsequently be awarded by the corporation at the request of a
 25 development authority to a taxpayer proposing a qualified
 26 investment in a qualified redevelopment site that is included in the
 27 development authority's development plan.
 28 (b) The corporation shall award fifty million dollars
 29 (\$50,000,000) to development authorities each fiscal year that may
 30 be granted to taxpayers proposing qualified investment in a
 31 qualified redevelopment site pursuant to a development plan
 32 approved by the corporation].
 33 SECTION ~~↔~~⁶ [3]. IC 6-3-1-34-2.1 IS ADDED TO THE
 34 INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2026]: Sec. 2.1. As used in this chapter,
 36 "development authority" refers to a regional development
 37 authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or
 38 IC 36-7.7-3-1 ~~that is designated by~~⁶. The term includes a
 39 qualified nonprofit organization formed ~~t~~^he ~~secretary of~~
 40 ~~commerce as the lead~~⁶ [to support] economic development ~~agency~~
 41 ~~for the jurisdiction that includes the qualified redevelopment site.~~
 42 SECTION 6⁶ [across the region and which does not represent
 a single interest group or local unit or units within a single county.



1 SECTION 4], IC 6-3-1-34-2.2 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2026]: Sec. 2.2. [(a)]As used in this chapter,
 4 "development plan" refers to a comprehensive strategic
 5 development plan ~~under section 22.3 of this chapter that is~~
 6 ~~approved by the <corporation and the fiscal oversight committee.~~
 7 ~~— SECTION 7. IC 6-3-1-34-2.3 IS ADDED TO THE INDIANA~~
 8 ~~CODE AS A NEW SECTION TO READ AS FOLLOWS~~
 9 ~~[EFFECTIVE JULY 1, 2026]~~: Sec. 2.3. As used in this chapter,
 10 "fiscal oversight committee" refers to the fiscal oversight
 11 committee established by section 22.5 of this chapter.
 12 ~~— SECTION 8. IC 6-3-1-34-8.5 IS ADDED TO THE INDIANA~~
 13 ~~CODE AS A NEW SECTION TO READ AS FOLLOWS~~
 14 ~~[EFFECTIVE JULY 1, 2026]~~: Sec. 8.5. As used in this chapter,
 15 "rural development site" means a qualified redevelopment site that
 16 is located in a county that does not contain a municipality with
 17 population of more than twenty-five thousand (25,000).
 18 ~~— SECTION 9. IC 6-3-1-34-11, AS AMENDED BY P.L.213-2025,~~
 19 ~~SECTION 82, IS AMENDED TO READ AS FOLLOWS~~
 20 ~~[EFFECTIVE JULY 1, 2026]~~: Sec. 11. (a) Subject to IC 5-28-6-9,
 21 ~~A taxpayer may claim a credit against the taxpayer's state tax~~
 22 ~~liability for a taxable year only if an award is made consistent with~~
 23 ~~section 15 of this chapter and the corporation awards a credit to~~
 24 ~~the taxpayer and enters into an agreement with the taxpayer as set~~
 25 ~~forth under this chapter. The corporation may shall establish an~~
 26 ~~application period for applying for awards based upon a state~~
 27 ~~fiscal year basis and shall seek to equitably make awards among~~
 28 ~~development authorities based upon population, with at least thirty~~
 29 ~~percent (30%) of all awards to development authorities being~~
 30 ~~allocated to one (1) or more rural development sites. If an~~
 31 ~~application period is established, The corporation shall establish~~
 32 ~~policies and procedures necessary to administer the application~~
 33 ~~period. The corporation may deny An application for a credit may~~
 34 ~~be denied under this chapter in its by a development authority, the~~
 35 ~~fiscal oversight committee, or the corporation in their sole~~
 36 ~~discretion. A taxpayer may not seek judicial review of a decision by~~
 37 ~~the corporation to deny a taxpayer's application for a credit.~~
 38 ~~(b) The amount of the credit that a taxpayer may claim is~~
 39 ~~equal to:~~
 40 ~~(1) the qualified investment made by the taxpayer and~~
 41 ~~certified and approved by the corporation in accordance~~
 42 ~~with an agreement entered into under section 17 of this~~



1 chapter for a taxable year, multiplied by
2 (2) the applicable credit percentage determined by the
3 corporation under section 17(b) and 17(c) of this chapter.
4 (c) If a pass through entity may claim a credit under this
5 section but does not have state tax liability against which the tax
6 credit may be applied, a shareholder, partner, beneficiary, or
7 member of the pass through entity may claim a credit equal to:
8 (1) the credit determined for the pass through entity for the
9 taxable year, multiplied by
10 (2) the percentage of the pass through entity's distributive
11 income that the shareholder, partner, beneficiary, or
12 member may claim.
13 The credit provided under this subsection is in addition to a credit
14 that a shareholder, partner, beneficiary, or member of a pass
15 through entity may claim. However, a pass through entity and a
16 shareholder, partner, beneficiary, or member of a pass through
17 entity may not claim more than one (1) credit for the qualified
18 investment.
19 (d) Notwithstanding subsections (a), (b), and (c), a pass
20 through entity (other than an entity described in IC 6-3-1-35(1))
21 and its partners, beneficiaries, or members may allocate the credit
22 among its partners, beneficiaries, or members of the pass through
23 entity as provided by written agreement without regard to their
24 sharing of other tax or economic attributes. Such agreements shall
25 be filed with the corporation not later than fifteen (15) days after
26 execution. The pass through entity shall also provide a copy of such
27 agreements, a list of partners, beneficiaries, or members of the pass
28 through entity, and their respective shares of the credit resulting
29 from such agreements in the manner prescribed by the department
30 of state revenue.
31 SECTION 10. IC 6-3-1-34-15, AS ADDED BY P.L.158-2019,
32 SECTION 29, IS AMENDED TO READ AS FOLLOWS
33 [EFFECTIVE JULY 1, 2026]: Sec. 15. (a) To be awarded a credit
34 under this chapter, a taxpayer must file an application with the
35 corporation and enter into an agreement with the corporation as
36 set forth under this chapter, as set forth in subsection (b).
37 (b) To apply for a credit award, an application must be filed
38 with the development authority for a qualified redevelopment
39 site. The development authority may then recommend an award
40 and forward the application to the corporation for consideration.
41 The corporation shall review each proposed award and may
42 recommend an award and forward the application to the fiscal

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1 oversight committee. Upon receiving an award recommendation
 2 from the development authority and the corporation, the fiscal
 3 oversight committee may review the proposed award, and upon
 4 determining that:

- 5 (1) the award would be in the best interest of the state of Indiana;
- 6 (2) the award would be consistent with purposes of this chapter;
- 7 (3) the rehabilitation and reuse of the qualified redevelopment site would not occur but for the award; and
- 8 (4) rehabilitation and reuse of the qualified redevelopment site would have a positive fiscal impact of the state of Indiana;

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 14 the fiscal oversight committee may approve an award with such
 15 conditions as the fiscal oversight committee determines
 16 appropriate:

17 (c) The corporation may award a credit to a taxpayer only
 18 after receiving the approval of a credit award from the fiscal
 19 oversight committee under subsection (b) and may enter into an
 20 agreement with the taxpayer as set forth under this chapter, which
 21 must be consistent with the fiscal oversight committee's approval
 22 of the credit award.

23 SECTION 11. IC 6-3.1-34-16, AS AMENDED BY
 24 P.L.135-2022, SECTION 15, IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 16. A development
 26 authority, the fiscal oversight committee, and the corporation shall
 27 consider the following factors in deciding whether to recommend
 28 or award, as applicable, a credit under this chapter for a proposed
 29 qualified investment:

- 30 (1) Evidence that the project aligns with the community's
 31 development plans. plan;
- 32 (2) The economic development potential for the project for
 33 which the taxpayer proposes to make the qualified
 34 investment;
- 35 (3) Evidence of barriers preventing the development or
 36 redevelopment of the qualified redevelopment site in which
 37 the qualified investment is made, such as significant
 38 environmental contamination requiring remediation;
- 39 (4) The level of commitment by the public sector and local
 40 government to assist in the financing of improvements or
 41 redevelopment activities benefiting the qualified
 42 redevelopment site in which the qualified investment is



made.

(5) Evidence of support by residents, businesses, and private organizations in the surrounding community for the project for which the taxpayer proposes to make the qualified investment.

(6) The level of economic distress in the surrounding community and the extent to which the project for which the taxpayer proposes to make the qualified investment mitigates the economic distress.

(7) The extent to which the project is estimated to enhance the economic opportunity, health, safety, aesthetics, or amenities of the community in a manner that:

~~(A) improves quality of life factors for residents of the region; and~~

(B) increases the ability of the region to attract and retain a talented workforce.

(8) The extent to which the rehabilitation or reuse of the qualified redevelopment site would otherwise proceed but for the proposed award.

(8) (9) Any other factors as determined by the development authority, the fiscal oversight committee, or the corporation, as applicable.

~~SECTION 12. IC 6-3.1-34-17, AS AMENDED BY P.L.135-2022, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 17. (a) The following apply if the corporation determines that a credit should be awarded under this chapter:~~

~~(1) The corporation shall require the taxpayer to enter into an agreement with the corporation as a condition of receiving a credit under this chapter.~~

(2) The agreement with the corporation must:

(A) prescribe the method of certifying the taxpayer's qualified investment; and

(B) include provisions that authorize the corporation to work with the department and the taxpayer, if the corporation determines that the taxpayer is noncompliant with the terms of the agreement or the provisions of this chapter, to bring the taxpayer into compliance or to protect the interests of the state.

~~(3) The corporation shall specify the taxpayer's expenditures that will be considered a qualified investment.~~

~~(4) The corporation shall determine the applicable credit~~

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percentage under subsections (b) and (c).

(5) The agreement must require that any repayment obligation be secured in a manner consistent with the fiscal oversight committee's recommendation.

(6) The agreement may require that the taxpayer reimburse the treasurer of state for the state's costs associated with reviewing the application, confirming the agreement's compliance with this chapter, and enforcing the agreement.

(b) If the corporation determines that a credit should be awarded under this chapter, the corporation shall determine the applicable credit percentage for a qualified investment certified by the corporation. However, and except as provided in subsection (c), the applicable credit percentage may not exceed thirty percent (30%).

(c) The corporation may increase the credit amount by not more than an additional five percent (5%) if:

- (1) the qualified redevelopment site is located in a federally designated qualified opportunity zone (Section 1400Z-1 and 1400Z-2 of the Internal Revenue Code); or
- (2) the project qualifies for federal new markets tax credits under Section 45D of the Internal Revenue Code; or
- (3) the qualified redevelopment site is a rural development site.

(d) To be eligible for the credit for a qualified investment, a taxpayer's expenditures that are considered a qualified investment must be certified by the corporation not later than two (2) taxable years after the end of the calendar year in which the taxpayer's expenditures are made.

(e) An award in excess of twenty million dollars (\$20,000,000) shall require the approval of the budget committee.

SECTION 13. IC 6-3.1-34-18, AS AMENDED BY P.L.201-2023, SECTION 102, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 18. (a) Except as provided in subsection (b), if the corporation awards a tax credit to a taxpayer under this chapter that exceeds twenty million dollars (\$20,000,000), the corporation shall include in an agreement entered into under section 17 of this chapter a provision that requires the taxpayer to repay the credit amount received under this chapter to the corporation the portion of the credit that exceeds twenty million dollars (\$20,000,000) with interest, unless the budget committee approves a waiver in whole or in part of such requirement for the taxpayer. Notwithstanding the date on which



1 a tax credit is awarded under this chapter, any repayment of any
 2 part of a credit awarded under this chapter shall be deposited in
 3 the state general fund.

4 (b) Notwithstanding subsection (a), the corporation may
 5 exclude from its agreement entered into under section 17 of this
 6 chapter a repayment provision for any an applicable portion of the
 7 credit if:

8 (1) taking into consideration the nonpayment portion of an
 9 award, the award is for a qualified redevelopment site
 10 subject to a proposal that still will result in a qualified
 11 investment of at least one hundred million dollars
 12 (\$100,000,000). positive fiscal impact as determined by the
 13 fiscal oversight committee;

14 (2) the portion of the award not subject to repayment is less
 15 than seven million dollars (\$7,000,000); and

16 (3) the aggregate awards made by the corporation for the
 17 state fiscal year under this chapter that are not subject to
 18 repayment under this subsection do not exceed fifty million
 19 dollars (\$50,000,000).

20 (c) If the corporation enters into an agreement with a taxpayer
 21 under section 17 of this chapter that includes a repayment
 22 provision under subsection (a), the corporation shall include in the
 23 repayment provision a provision establishing the interest rate that
 24 will be applied. The interest rate shall be determined by the board
 25 fiscal oversight committee and approved by the budget agency.

26 (d) This subsection applies to an active multi-phased project
 27 occurring on a defined footprint for which the taxpayer has
 28 received approval for at least the first phase of the active
 29 multi-phased project from the corporation's board before July 1,
 30 2018, for a tax credit under IC 6-3.1-11 (industrial recovery tax
 31 credit) before its expiration. The following apply to a project
 32 described in this subsection:

33 (1) Only qualified investments that are made after June 30,
 34 2021, are eligible for a credit award under this chapter.

35 (2) The annual amount of credits awarded under this chapter
 36 for the project may not exceed five million dollars
 37 (\$5,000,000).

38 (3) The corporation may not include a repayment provision
 39 as part of an agreement entered into under section 17 of this
 40 chapter for the credits awarded for the project.

41 (e) The part of any credit that is subject to a repayment
 42 provision under this section Any credit awarded before July 1,



1 ~~2026, under this chapter must be included in the calculation of the~~
 2 ~~aggregate amount of applicable tax credits that the corporation~~
 3 ~~may certify for a state fiscal year under IC 5-28-6-9.~~

4 ~~— SECTION 14. IC 6-3.1-34-22.3 IS ADDED TO THE INDIANA~~
 5 ~~CODE AS A NEW SECTION TO READ AS FOLLOWS~~
 6 ~~[EFFECTIVE JULY 1, 2026]: Sec. 22.3. A development authority~~
 7 ~~shall develop a comprehensive strategic development plan for its~~
 8 ~~jurisdiction, which shall also be approved by its regional~~
 9 ~~development advisory council, if established. The development~~
 10 ~~authority shall submit the development plan to the corporation and~~
 11 ~~the fiscal oversight committee for approval. The development plan~~
 12 ~~must contain:~~

13 ~~— (1) the development authority's [] and which outlines its]~~
 14 ~~economic development strategy;~~

15 ~~— (2) [] the anticipated local resource commitments;~~

16 ~~— (3) [] the [] proposed regionally~~
 17 ~~significant projects;~~

18 ~~— (4) a [] return on investment analysis reflecting a~~
 19 ~~positive state return for such projects;~~
 20 ~~and~~

21 ~~— (5) a [] requirement;~~

22 ~~— (A) for [] that an equal or greater level of local public~~
 23 ~~financial participation in the aggregate across all~~
 24 ~~projects;~~

25 ~~— (B) [] the requirement that [] projects are~~
 26 ~~reasonably expected to spur a total investment across all~~
 27 ~~projects that is [] four (4) times [] greater~~
 28 ~~than] the level of the state resources provided on a~~
 29 ~~present value basis [] and []~~

30 ~~— (C) that each project supported would not occur but~~
 31 ~~for the provision of the requested state resources.~~

32 ~~— SECTION 15. IC 6-3.1-34-22.5 IS ADDED TO THE INDIANA~~
 33 ~~CODE AS A NEW SECTION TO READ AS FOLLOWS~~
 34 ~~[EFFECTIVE JULY 1, 2026]: Sec. 22.5. (a) The fiscal oversight~~
 35 ~~committee is established for the purposes of this chapter. The~~
 36 ~~committee consists of the following members:~~

37 ~~— (1) Four (4) members appointed by the budget committee;~~

38 ~~— (2) The director of the office of management and budget, or~~
 39 ~~the director's designee;~~

40 ~~— (3) The president of the corporation, or the president's~~
 41 ~~designee;~~

42 ~~— (4) The treasurer of state;~~

43 ~~— (b) A member appointed under subsection (a)(1) serves at the~~



1 pleasure of the appointing authority.

2 (c) The members shall elect a chairperson.

3 (d) The committee shall meet at the call of the chairperson.

4 (e) Five (5) members of the committee constitute a quorum.

5 (f) Each member of the committee who is not a state employee
6 is entitled to the minimum salary per diem provided by
7 IC 4-10-11-2.1(b) for each day that the member is engaged in the
8 official business of the committee. The member is also entitled to
9 reimbursement for mileage, traveling expenses, and other expenses
10 actually incurred in connection with the member's duties, as
11 provided in the state travel policies and procedures established by
12 the Indiana department of administration and approved by the
13 budget agency.

14 (g) The treasurer of state shall staff the committee. Expenses
15 of the committee shall be paid from money appropriated to the
16 treasurer of state or collected as reimbursements or other fees
17 received from taxpayers under an agreement entered into under
18 section 17 of this chapter.

19 (h) The treasurer of state may engage a third party to review,
20 facilitate, and monitor the awards.

21 SECTION 16. IC 6-3.1-34-23, AS ADDED BY P.L.213-2025,
22 SECTION 83, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2026]: Sec. 23. A tax credit awarded under
24 this chapter before July 1, 2026, is subject to the limitations set
25 forth in IC 5-28-6-9.

26 SECTION 17. IC 6-3.1-34-24 IS ADDED TO THE INDIANA
27 CODE AS A NEW SECTION TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2026]: Sec. 24. (a) As used in this section,
29 "gross retail base period amount" means the aggregate amount of
30 state gross retail and use taxes remitted under IC 6-2.5:

31 (1) by the businesses operating within the qualified
32 redevelopment site; and

33 (2) that is, in the case of the:

34 (A) state gross retail tax, collected by a business for sales
35 occurring at a physical location of the business in the
36 qualified redevelopment site;

37 (B) state use tax, incurred with regard to property used
38 in the qualified redevelopment site; and

39 (C) state gross retail and use tax incurred and paid by a
40 contractor with regard to tangible personal property
41 incorporated into real property that is located in the
42 qualified redevelopment site, if the contractor can



1 determine the amount of state gross retail or use tax
 2 incurred and paid on the tangible personal property
 3 incorporated into real property that is located in the
 4 qualified redevelopment site based on records
 5 maintained by the contractor;

6 for the state fiscal year that precedes the date on which the
 7 qualified redevelopment site was designated under this chapter. A
 8 contractor that provides tangible personal property incorporated
 9 into real property in a project located in a qualified redevelopment
 10 site shall maintain records of all state gross retail and use tax paid
 11 or collected during a state fiscal year for the tangible personal
 12 property incorporated into the real property in projects located in
 13 a qualified redevelopment site.

14 (b) As used in this section, "gross retail incremental amount"
 15 means the remainder of:

16 (1) the aggregate amount of state gross retail and use taxes
 17 that are remitted under IC 6-2.5;

18 (A) by businesses operating within the qualified
 19 redevelopment site; and

20 (B) that is:

21 (i) in the case of the state gross retail tax, collected
 22 by a business for sales occurring at a physical
 23 location of the business within the qualified
 24 redevelopment site;

25 (ii) in the case of the state use tax, incurred with
 26 regard to property used in the qualified
 27 redevelopment site; and

28 (iii) in the case of the state gross retail and use tax
 29 incurred and paid by a contractor with regard to
 30 tangible personal property incorporated into real
 31 property that is located in a qualified
 32 redevelopment site, if the contractor can determine
 33 the amount of state gross retail or use tax incurred
 34 and paid based on records maintained by the
 35 contractor, minus

36 (2) the gross retail base period amount;

37 as determined by the department of state revenue.

38 (c) As used in this section, "income tax base period amount"
 39 means the aggregate amount of adjusted gross income taxes paid
 40 by employees employed in the territory comprising a qualified
 41 redevelopment site with respect to wages and salary earned for
 42 work in the qualified redevelopment site for the state fiscal year



1 that precedes the date on which the qualified redevelopment site
 2 was designated under section 6 of this chapter.

3 ~~— (d) As used in this section, "income tax incremental amount"~~
 4 means the remainder of:

5 ~~— (1) the total amount of state adjusted gross income taxes and~~
 6 ~~local income taxes paid by employees employed in the~~
 7 ~~territory comprising the qualified redevelopment site with~~
 8 ~~respect to wages and salary earned for work in the territory~~
 9 ~~comprising the qualified redevelopment site for a particular~~
 10 ~~state fiscal year; minus~~

11 ~~— (2) the sum of the:~~

12 ~~— (A) income tax base period amount; plus~~

13 ~~— (B) tax credits awarded by the corporation under~~
 14 ~~IC 6-3.1-13 to businesses operating within a qualified~~
 15 ~~redevelopment site as the result of wages earned for~~
 16 ~~work within the qualified redevelopment site for the~~
 17 ~~state fiscal year;~~

18 ~~as determined by the department of state revenue.~~

19 ~~— (e) As used in this section, "net increment" means the sum of:~~

20 ~~— (1) the gross retail increment amount; plus~~

21 ~~— (2) the income tax incremental amount;~~

22 ~~as determined by the department of state revenue.~~

23 ~~— (f) To the extent that an agreement entered into under section~~
 24 ~~17 of this chapter includes a repayment provision, the fiscal~~
 25 ~~oversight committee may recommend that net increment be~~
 26 ~~pledged to the repayment of the tax credits. To the extent~~
 27 ~~recommended by the fiscal oversight committee, approved by the~~
 28 ~~corporation and the budget committee, and pledged to bonds or to~~
 29 ~~otherwise secure the repayment of obligations under this chapter,~~
 30 ~~the department of state revenue shall determine the net increment~~
 31 ~~generated at the qualified redevelopment site for the preceding~~
 32 ~~state fiscal year by October 1 of each year and provide such~~
 33 ~~information to the treasurer of state. The treasurer of state shall~~
 34 ~~transfer such funds to an account established for such project and,~~
 35 ~~to the extent provided for in a pledge agreement related to the net~~
 36 ~~increment entered into in conjunction with an agreement entered~~
 37 ~~into under section 17 of this chapter, transfer such funds as~~
 38 ~~required to secure or make a payment related to such repayment~~
 39 ~~obligation.~~

40 ~~— (g) To the extent that net increment is pledged as a repayment~~
 41 ~~source, all taxpayers operating within the qualified redevelopment~~
 42 ~~site shall report annually, in the manner and form prescribed by~~



1 the department of state revenue, information that the department
 2 of state revenue determines necessary to calculate the net
 3 increment. A taxpayer operating in a qualified redevelopment site
 4 that files a consolidated tax return with the department of state
 5 revenue shall also file annually an information return with the
 6 department of state revenue for each business location of the
 7 taxpayer within the qualified redevelopment site. If a taxpayer fails
 8 to report the information required by this section, the department
 9 of state revenue shall use the best information available in
 10 calculating the income tax incremental amount and gross retail
 11 incremental amount.

12 (h) A pledge of net increment from a qualified redevelopment
 13 site under this section shall be effective notwithstanding a pledge
 14 or allocation of such net increment made pursuant to IC 5-1-17.5,
 15 IC 36-7-13, IC 36-7-31, IC 36-7-31.3, IC 36-7-31.5, IC 36-7-32, and
 16 IC 36-7.5-4.5, subject to the following:

17 (1) For net increment allocated or pledged under IC 5-1-17.5,
 18 IC 36-7-31, IC 36-7-31.3, IC 36-7-31.5, or IC 36-7.5-4.5,
 19 provided that the treasurer of state receives a finding from
 20 the Indiana finance authority that no bonds issued in
 21 accordance with such provisions will be adversely affected by
 22 the pledge of net increment from the qualified redevelopment
 23 site.

24 (2) For net increment allocated or pledged under IC 36-7-13
 25 and IC 36-7-32, provided that the treasurer of state receives
 26 a resolution from the legislative body of the unit designating
 27 such districts consenting to the pledge of the net increment
 28 and finding that no bonds issued in accordance with such
 29 provision will be adversely affected by the pledge of net
 30 increment from the qualified redevelopment site.

31 **SECTION 18>I**

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

35 (1) per capita income;
 36 (2) population;
 37 (3) employment; and
 38 (4) credential attainment among residents;

39 in the region.

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



1 by any of the following:

2 (1) One (1) or more counties and one (1) or more adjacent
3 counties.

4 (2) One (1) or more counties and one (1) or more qualified cities
5 in adjacent counties.

6 (3) One (1) or more qualified cities and one (1) or more qualified
7 cities in adjacent counties.

8 (b) A county or qualified city may participate in the establishment
9 of a development authority under this section and become a member of
10 the development authority only if the fiscal body of the county or
11 qualified city adopts an ordinance authorizing the county or qualified
12 city to participate in the establishment of the development authority.
13 **For a county or city that is currently participating in a**

development authority, the fiscal body of the county or qualified
14 **city may adopt a subsequent ordinance authorizing the county or**
15 **qualified city to change membership and instead participate in a**
16 **new or different development authority.]**

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

22 (d) ~~This subsection applies before January 1, 2026.~~

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

25 (e) ~~This subsection applies before January 1, 2026.~~

26 ~~Notwithstanding any other provision of this article, a county or~~
27 ~~municipality that is a member of the northwest Indiana regional~~
28 ~~development authority under IC 36-7.5 may not be a member of a~~
29 ~~development authority under this article.~~

30 (f) ~~This subsection applies on or after January 1, 2026.~~
31 ~~A development authority shall first be approved by the secretary of~~
32 ~~commerce prior to its formation and the development authority~~
33 ~~shall further~~
34 ~~notify the Indiana economic development corporation~~
35 ~~and secretary of commerce~~
36 ~~in writing promptly after the development authority is established~~
37 ~~or if membership of the development authority changes.]~~

38 SECTION ~~19~~**[6]** IC 36-7.6-2-16 IS ADDED TO THE
39 INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS
40 [EFFECTIVE JULY 1, 2026]: Sec. 16. (a) A development authority
41 may establish a regional development advisory council. The
42 regional development advisory council shall consist of members



1 appointed according the following:

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

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

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

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

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

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

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

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

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

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

33 (1) A chair.

34 (2) A vice chair.

35 (3) A secretary-treasurer.

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

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



4 SECTION ~~20~~[7]. [EFFECTIVE ~~JANUARY 1, 2026~~
5 ~~(RETROACTIVE)~~] (a) ~~IC 6-3-3-16, as added by this act, applies to~~
6 ~~taxable years beginning after December 31, 2025.~~

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

14] (b) This SECTION expires ~~January~~ July 1, 202~~9~~ 7.
15 ← ~~SECTION 21. An emergency is declared for this act.~~

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