

PRINTING CODE. Deletions appear in <this style type>. Insertions appear in [this style type]. Typeface changes are shown in <this > < style > < type > or in [this] [style] [type].

SENATE BILL No. 281

Proposed Changes to January 28, 2026 printing by AM028103

DIGEST OF PROPOSED AMENDMENT

Dolly Parton Imagination Library contribution tax credit. Provides a state income tax credit for contributions to the Dolly Parton Imagination Library program.

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

13 (b) The corporation shall award fifty million dollars
14 (\$50,000,000) to development authorities each fiscal year that may
15 be granted to taxpayers proposing qualified investment in a
16 qualified redevelopment site pursuant to a development plan
17 approved by the corporation.

18 SECTION 2. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA
19 CODE AS A NEW SECTION TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. (a) As used in this chapter,**

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 "development authority" refers to a regional development
 2 authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or
 3 IC 36-7.7-3-1.

4 (b) For the period beginning July 1, 2026, and ending June 30,
 5 2028, the term "development authority" includes a qualified
 6 nonprofit organization formed to support economic development
 7 across the region and which does not represent a single interest
 8 group or local unit or units within a single county. This subsection
 9 expires July 1, 2028.

10 SECTION 3. IC 6-3.1-34-2.2 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2026]: Sec. 2.2. (a) As used in this chapter,
 13 "development plan" refers to a comprehensive strategic
 14 development plan approved by the development authority for its
 15 jurisdiction and which outlines its economic development strategy,
 16 the anticipated local resource commitments, the proposed
 17 regionally significant projects, the return on investment analysis
 18 reflecting a positive state return for such projects, the requirement
 19 that an equal or greater level of local public financial participation
 20 in the aggregate across all projects, the requirement that projects
 21 are reasonably expected to spur a total investment across all
 22 projects that is four (4) times greater than the level of the state
 23 resources provided on a present value basis, and that each project
 24 supported would not occur but for the provision of the requested
 25 state resources.

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

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

33 in the region.

34 [SECTION 4. IC 6-3.1-49 IS ADDED TO THE INDIANA CODE
 35 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2026 (RETROACTIVE)]:

37 Chapter 49. Dolly Parton Imagination Library Contribution
 38 Tax Credit

39 Sec. 1. As used in this chapter, "credit" refers to a credit
 40 granted under this chapter.

41 Sec. 2. As used in this chapter, "imagination library program"
 42 refers to the Dolly Parton Imagination Library program operated

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 by the Dollywood Foundation.

2 Sec. 3. As used in this chapter, "pass through entity" has the
3 meaning set forth in IC 6-3-1-35.

4 Sec. 4. As used in this chapter, "state tax liability" means a
5 taxpayer's total tax liability that is incurred under:

6 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income
7 tax);

8 (2) IC 6-5.5 (the financial institutions tax); and

9 (3) IC 27-1-18-2 (the insurance premiums tax) or IC 6-8-15
10 (the nonprofit agricultural organization health coverage
11 tax);

12 as computed after the application of the credits that under
13 IC 6-3.1-1-2 are to be applied before the credit provided by this
14 chapter.

15 Sec. 5. As used in this chapter, "taxpayer" means an individual
16 or entity that has any state tax liability.

17 Sec. 6. A taxpayer that makes a contribution to the
18 imagination library program for use in providing books to children
19 at no cost is entitled to a credit against the taxpayer's state tax
20 liability in the taxable year in which the taxpayer makes the
21 contribution.

22 Sec. 7. The amount of a taxpayer's credit is equal to fifty
23 percent (50%) of the amount of the contribution made to the
24 imagination library program.

25 Sec. 8. (a) If the credit provided by this chapter exceeds the
26 taxpayer's state tax liability for the taxable year for which the
27 credit is first claimed, the excess may be carried forward to
28 succeeding taxable years and used as a credit against the
29 taxpayer's state tax liability during those taxable years. Each time
30 the credit is carried forward to a succeeding taxable year, the
31 credit is reduced by the amount that was used as a credit during
32 the immediately preceding taxable year. The credit provided by
33 this chapter may be carried forward and applied to succeeding
34 taxable years for nine (9) taxable years following the unused credit
35 year.

36 (b) A taxpayer is not entitled to a carryback or refund of any
37 unused credit.

38 Sec. 9. If a pass through entity is entitled to a credit under
39 section 6 of this chapter but does not have state tax liability against
40 which the tax credit may be applied, a shareholder, partner, or
41 member of the pass through entity is entitled to a tax credit equal
42 to:

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

- 1 (1) the tax credit determined for the pass through entity for
 2 the taxable year; multiplied by
 3 (2) the percentage of the pass through entity's distributive
 4 income to which the shareholder, partner, or member is
 5 entitled.

6 Sec. 10. To apply a credit against the taxpayer's state tax
 7 liability, a taxpayer must claim the credit on the taxpayer's annual
 8 state tax return or returns in the manner prescribed by the
 9 department. The taxpayer shall submit to the department the
 10 information that the department determines is necessary for the
 11 department to determine whether the taxpayer is eligible for the
 12 credit.

13 Sec. 11. The total amount of tax credits awarded under this
 14 chapter may not exceed six million dollars (\$6,000,000) in each
 15 state fiscal year.

16 Sec. 12. The department, on a website used by the department
 17 to provide information to the public, shall provide the following
 18 information:

- 19 (1) The application for the credit provided in this chapter.
 20 (2) A timeline for receiving the credit provided in this
 21 chapter.
 22 (3) The total amount of credits awarded under this chapter
 23 during the current state fiscal year.

24] SECTION ~~4~~[5]. IC 36-7.6-2-3, AS AMENDED BY
 25 P.L.178-2015, SECTION 10, IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. (a) A development
 27 authority may be established by any of the following:

- 28 (1) One (1) or more counties and one (1) or more adjacent
 29 counties.
 30 (2) One (1) or more counties and one (1) or more qualified cities
 31 in adjacent counties.
 32 (3) One (1) or more qualified cities and one (1) or more qualified
 33 cities in adjacent counties.

34 (b) A county or qualified city may participate in the establishment
 35 of a development authority under this section and become a member of
 36 the development authority only if the fiscal body of the county or
 37 qualified city adopts an ordinance authorizing the county or qualified
 38 city to participate in the establishment of the development authority.
 39 **For a county or city that is currently participating in a**
 40 **development authority, the fiscal body of the county or qualified**
 41 **city may adopt a subsequent ordinance authorizing the county or**
 42 **qualified city to change membership and instead participate in a**

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 **new or different development authority.**

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

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

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

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

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

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

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

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

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

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

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

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

41 (d) **A majority of the appointed members of a regional**
42 **development advisory council constitutes a quorum. The**

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

M
a
r
k
u
p

1 affirmative votes of at least a majority of the appointed members
2 of a regional development advisory council are necessary to
3 authorize any action of the regional development advisory council.

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

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

- 12 (1) A chair.
- 13 (2) A vice chair.
- 14 (3) A secretary-treasurer.

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

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

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

25 [SECTION 7. An emergency is declared for this act.](#)

26 1

M
a
r
k
u
p

