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**SENATE BILL No. 281**

AM028104 has been incorporated into January 28, 2026 printing.

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**Synopsis:** Income tax credits.

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**DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY**

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.

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## 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 6-3-1-10.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 10.5. The term "data**  
4 **center" means one (1) or more buildings that are rehabilitated or**  
5 **constructed to house a group of networked server computers in one**  
6 **(1) physical location in order to centralize the storage,**  
7 **management, and dissemination of data and information**  
8 **pertaining to a particular business, taxonomy, or body of**  
9 **knowledge.**
- 10 SECTION 2. IC 6-3.1-4-9 IS ADDED TO THE INDIANA CODE  
11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
12 JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 9. (a) This section**  
13 **applies for taxable years beginning after December 31, 2025.**
- 14 **(b) Notwithstanding any other provision of this chapter, an**  
15 **entity that is operated as a data center (as defined in IC 6-3-1-10.5)**  
16 **is not eligible for, shall not be awarded, and may not claim a credit**  
17 **against the entity's adjusted gross income tax liability under this**

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**chapter.**

SECTION 3. IC 6-3.1-13-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 30. (a) This section applies for taxable years beginning after December 31, 2025.**

**(b) Notwithstanding any other provision of this chapter, and subject to subsection (c), an entity that is operated as a data center (as defined in IC 6-3-1-10.5) is not eligible for, shall not be awarded, and may not claim a credit against the entity's adjusted gross income tax liability under this chapter.**

**(c) This section shall not apply to an entity that has entered into an agreement with the Indiana economic development corporation under sections 14 and 15 of this chapter for an award of a tax credit under this chapter before January 1, 2026.**

SECTION 4. IC 6-3.1-19-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 8. (a) This section applies for taxable years beginning after December 31, 2025.**

**(b) Notwithstanding any other provision of this chapter, an entity that is operated as a data center (as defined in IC 6-3-1-10.5) is not eligible for, shall not be awarded, and may not claim a credit against the entity's adjusted gross income tax liability under this chapter.**

SECTION 5. IC 6-3.1-24-2, AS AMENDED BY P.L.4-2005, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 2.** As used in this chapter, "qualified Indiana business" means an independently owned and operated business that is certified as a qualified Indiana business by the Indiana economic development corporation under section 7 of this chapter. **The term does not include a business operated as a data center (as defined in IC 6-3-1-10.5).**

SECTION 6. IC 6-3.1-24-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 16. (a) This section applies for taxable years beginning after December 31, 2025.**

**(b) Notwithstanding any other provision of this chapter, an entity that is operated as a data center (as defined in IC 6-3-1-10.5) is not eligible for, shall not be awarded, and may not claim a credit against the entity's adjusted gross income tax liability under this chapter.**

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1 SECTION 7. IC 6-3.1-26-29 IS ADDED TO THE INDIANA  
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 3 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 29. (a)**  
 4 **This section applies for taxable years beginning after December 31,**  
 5 **2025.**

6 **(b) Notwithstanding any other provision of this chapter, and**  
 7 **subject to subsection (c), an entity that is operated as a data center**  
 8 **(as defined in IC 6-3-1-10.5) is not eligible for, shall not be**  
 9 **awarded, and may not claim a credit against the entity's adjusted**  
 10 **gross income tax liability under this chapter.**

11 **(c) This section shall not apply to an entity that has entered**  
 12 **into an agreement with the Indiana economic development**  
 13 **corporation under section 21 of this chapter for an award of a tax**  
 14 **credit under this chapter before January 1, 2026.**

15 SECTION 8. IC 6-3.1-34-0.5 IS ADDED TO THE INDIANA  
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 17 [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) In order to facilitate the**  
 18 **redevelopment and rehabilitation of property in Indiana that**  
 19 **promotes regional collaboration and long term strategic planning,**  
 20 **the corporation may commit a tax credit to a development**  
 21 **authority pursuant to a development plan approved by the**  
 22 **corporation, which may subsequently be awarded by the**  
 23 **corporation at the request of a development authority to a**  
 24 **taxpayer proposing a qualified investment in a qualified**  
 25 **redevelopment site that is included in the development authority's**  
 26 **development plan.**

27 **(b) The corporation shall award fifty million dollars**  
 28 **(\$50,000,000) to development authorities each fiscal year that may**  
 29 **be granted to taxpayers proposing qualified investment in a**  
 30 **qualified redevelopment site pursuant to a development plan**  
 31 **approved by the corporation.**

32 SECTION 9. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA  
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34 [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. (a) As used in this chapter,**  
 35 **"development authority" refers to a regional development**  
 36 **authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or**  
 37 **IC 36-7.7-3-1.**

38 **(b) For the period beginning July 1, 2026, and ending June 30,**  
 39 **2028, the term "development authority" includes a qualified**  
 40 **nonprofit organization formed to support economic development**  
 41 **across the region and which does not represent a single interest**  
 42 **group or local unit or units within a single county. This subsection**

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1 expires July 1, 2028.

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

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

- 21 (1) per capita income;  
22 (2) population;  
23 (3) employment; and  
24 (4) credential attainment among residents;

25 in the region.

26 SECTION 11. IC 6-3.1-34-6, AS AMENDED BY P.L.135-2022,  
27 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28 JULY 1, 2026]: **Sec. 6. As used in this chapter, "qualified**  
29 **redevelopment site" means a vacant or underutilized property in**  
30 **Indiana as determined by the corporation. The term does not include**  
31 **land on which a data center (as defined in IC 6-3-1-10.5) is located.**

32 SECTION 12. IC 6-3.1-34-24 IS ADDED TO THE INDIANA  
33 CODE AS A NEW SECTION TO READ AS FOLLOWS  
34 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 24. (a)**  
35 **This section applies for taxable years beginning after December 31,**  
36 **2025.**

37 (b) Notwithstanding any other provision of this chapter, and  
38 subject to subsection (c), an entity that is operated as a data center  
39 (as defined in IC 6-3-1-10.5) is not eligible for, shall not be  
40 awarded, and may not claim a credit against the entity's adjusted  
41 gross income tax liability under this chapter.

42 (c) This section shall not apply to an entity that has entered

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1 **into an agreement with the Indiana economic development**  
 2 **corporation under section 17 of this chapter for an award of a tax**  
 3 **credit under this chapter before January 1, 2026.**

4 SECTION 13. IC 36-7.6-2-3, AS AMENDED BY P.L.178-2015,  
 5 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JULY 1, 2026]: Sec. 3. (a) A development authority may be established  
 7 by any of the following:

8 (1) One (1) or more counties and one (1) or more adjacent  
 9 counties.

10 (2) One (1) or more counties and one (1) or more qualified cities  
 11 in adjacent counties.

12 (3) One (1) or more qualified cities and one (1) or more qualified  
 13 cities in adjacent counties.

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

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

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

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

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

39 SECTION 14. IC 36-7.6-2-16 IS ADDED TO THE INDIANA  
 40 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 41 [EFFECTIVE JULY 1, 2026]: **Sec. 16. (a) A development authority**  
 42 **may establish a regional development advisory council. The**

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1 regional development advisory council shall consist of members  
2 appointed according the following:

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

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

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

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

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

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

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

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

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

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

34 (1) A chair.

35 (2) A vice chair.

36 (3) A secretary-treasurer.

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

42 (g) The regional development advisory council shall meet at

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1       **the call of the chair.**  
2               **(h) This section shall not apply to a development authority**  
3       **established under this article that includes a county listed in**  
4       **IC 36-7-39-2 as a member.**  
5               **SECTION 15. An emergency is declared for this act.**

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