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SENATE BILL No. 281

Proposed Changes to January 28, 2026 printing by AM028104

DIGEST OF PROPOSED AMENDMENT

Data centers. Provides that data centers are not eligible for any of the following state income tax credit incentives: Research expense credit (IC 6-3.1-4), (2) Economic development for a growing economy credit (IC 6-3.1-13), (3) Community revitalization enhancement district credit (IC 6-3.1-19), (4) Venture capital investment tax credit (IC 6-3.1-24), (5) Hoosier business investment tax credit (IC 6-3.1-26), (6) Redevelopment tax credit (IC 6-3.1-34). Defines "data center" for purposes of the state income tax.

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

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against the entity's adjusted gross income tax liability under this 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

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chapter.
SECTION 7. IC 6-3.1-26-29 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 29. (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 section 21 of this chapter for an award of a tax credit under this chapter before January 1, 2026.

SECTION ~~6-3.1-34-0.5~~[8]. 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 ~~6-3.1-34-2.1~~[9]. 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. (a) 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.

(b) For the period beginning July 1, 2026, and ending June 30, 2028, the term "development authority" includes a qualified nonprofit organization formed to support economic development across the region and which does not represent a single interest

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1 group or local unit or units within a single county. This subsection
2 expires July 1, 2028.

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

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

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

26 in the region.

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

33 SECTION 12. IC 6-3.1-34-24 IS ADDED TO THE INDIANA
34 CODE AS A NEW SECTION TO READ AS FOLLOWS
35 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: Sec. 24. (a)
36 **This section applies for taxable years beginning after December 31,**
37 **2025.**

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

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(c) This section shall not apply to an entity that has entered into an agreement with the Indiana economic development corporation under section 17 of this chapter for an award of a tax credit under this chapter before January 1, 2026.

] SECTION ~~13~~[13]. 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.**

SECTION ~~16~~[14]. IC 36-7.6-2-16 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 16. (a) A development authority**

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1 may establish a regional development advisory council. The
 2 regional development advisory council shall consist of members
 3 appointed according the following:

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

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

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

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

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

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

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

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

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

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

35 (1) A chair.

36 (2) A vice chair.

37 (3) A secretary-treasurer.

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

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

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

6 SECTION 15. An emergency is declared for this act.

7 SECTION 15. An emergency is declared for this act.

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