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SENATE BILL No. 281

Proposed Changes to January 28, 2026 printing by AM028106

DIGEST OF PROPOSED AMENDMENT

Data centers. Provides that data centers are not eligible for the redevelopment tax credit. 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 6-3.1-34-0.5 IS ADDED TO THE
11 INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS
12 [EFFECTIVE JULY 1, 2026]: Sec. 0.5. (a) In order to facilitate the
13 redevelopment and rehabilitation of property in Indiana that
14 promotes regional collaboration and long term strategic planning,
15 the corporation may commit a tax credit to a development
16 authority pursuant to a development plan approved by the
17 corporation, which may subsequently be awarded by the
18 corporation at the request of a development authority to a
19 taxpayer proposing a qualified investment in a qualified
20 redevelopment site that is included in the development authority's

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1 development plan.

2 (b) The corporation shall award fifty million dollars
3 (\$50,000,000) to development authorities each fiscal year that may
4 be granted to taxpayers proposing qualified investment in a
5 qualified redevelopment site pursuant to a development plan
6 approved by the corporation.

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

13 (b) For the period beginning July 1, 2026, and ending June 30,
14 2028, the term "development authority" includes a qualified
15 nonprofit organization formed to support economic development
16 across the region and which does not represent a single interest
17 group or local unit or units within a single county. This subsection
18 expires July 1, 2028.

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

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

- 38 (1) per capita income;
- 39 (2) population;
- 40 (3) employment; and
- 41 (4) credential attainment among residents;

42 in the region.

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1 [SECTION 5. IC 6-3.1-34-6, AS AMENDED BY P.L.135-2022,
 2 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2026]: Sec. 6. As used in this chapter, "qualified
 4 redevelopment site" means a vacant or underutilized property in
 5 Indiana as determined by the corporation. **The term does not include**
 6 **land on which a data center (as defined in IC 6-3-1-10.5) is located.**

7 SECTION 6. IC 6-3.1-34-24 IS ADDED TO THE INDIANA
 8 CODE AS A NEW SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE JANUARY 1, 2026 (RETROACTIVE)]: **Sec. 24. (a)**
 10 **This section applies for taxable years beginning after December 31,**
 11 **2025.**

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

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

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

25 (1) One (1) or more counties and one (1) or more adjacent
 26 counties.

27 (2) One (1) or more counties and one (1) or more qualified cities
 28 in adjacent counties.

29 (3) One (1) or more qualified cities and one (1) or more qualified
 30 cities in adjacent counties.

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

41 (c) When a county establishes a development authority with
 42 another unit as provided in this chapter, each qualified city and third

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1 class city in the county also becomes a member of the development
2 authority, without further action by the qualified city, **the** third class
3 city, or the development authority.

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

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

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

14 SECTION ~~8~~[8]. IC 36-7.6-2-16 IS ADDED TO THE INDIANA
15 CODE AS A NEW SECTION TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2026]: **Sec. 16. (a) A development authority**
17 **may establish a regional development advisory council. The**
18 **regional development advisory council shall consist of members**
19 **appointed according the following:**

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

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

23 (3) **Two (2) members appointed by the speaker of the house**
24 **of representatives.**

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

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

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

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

38 (d) **A majority of the appointed members of a regional**
39 **development advisory council constitutes a quorum. The**
40 **affirmative votes of at least a majority of the appointed members**
41 **of a regional development advisory council are necessary to**
42 **authorize any action of the regional development advisory council.**

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

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

- 9 (1) A chair.
- 10 (2) A vice chair.
- 11 (3) A secretary-treasurer.

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

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

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

22 | [SECTION 9. An emergency is declared for this act.](#)
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