

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 7100
BILL NUMBER: SB 283

NOTE PREPARED: Jan 5, 2026
BILL AMENDED:

SUBJECT: Regional Development Tax Credit.

FIRST AUTHOR: Sen. Mishler
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill amends and adds provisions regarding the regional development tax credit. It specifies the award of certain credits under the aggregate tax credit cap that the Indiana Economic Development Corporation (IEDC) may certify each state fiscal year. It also authorizes a county or city that is currently participating in a regional development authority to change its membership and instead participate in a new or different regional development authority.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Workload:* The Department of State Revenue (DOR) and the IEDC will experience additional workload and expenses to make changes to and implement the tax credit. The DOR and the IEDC should be able to make these changes within current resource levels.

The bill requires the Budget Committee to review initial tax credit awards from the IEDC, which are subject to the \$300 M annual limit that the IEDC may certify annually. Under current law, each certification of credit is subject to Budget Committee review. The Budget Committee and the IEDC can implement this provision with current resources.

Explanation of State Revenues: The proposal would have an indeterminate impact on state General Fund revenue. The \$50 M in annual credit awards for the regional development tax credit must come from the total allowable credits that the IEDC may certify annually. So, the IEDC may reduce credit awards for other redevelopment projects or other tax credits.

Additional Information - Under the proposal, the IEDC will award \$50 M in tax credits annually to development authorities with approved applications for qualified redevelopment sites. Credits will be awarded by population; however, at least 20% of all awards each year shall be allocated to a rural development site.

The regional development tax credit is subject to many of the same requirements and processes as the redevelopment tax credit available under current law. The IEDC awards tax credits as a percentage of the

expected qualifying investment for a project. The IEDC later certifies credits after the taxpayer makes qualified investments. After credits are certified, credit holders may claim the credit against their tax liability for the following taxes:

- Individual income tax,
- Corporate income tax,
- Insurance premiums tax,
- Nonprofit agricultural organization health coverage tax,
- Financial institutions tax.

The tax credit may be carried forward for nine taxable years. Credits awarded prior to July 1, 2029, may be assigned to another taxpayer.

Unlike the redevelopment tax credit, tax credits awarded to development authorities are not subject to the following:

- Repayment obligations;
- Limits on the percentage of qualifying investment that may be awarded as a tax credit;
- Time limits for qualified investments to be certified by the IEDC.

Explanation of Local Expenditures: Regional development authorities would have additional workload to create development plans and submit applications for qualified redevelopment sites to the IEDC.

Explanation of Local Revenues:

State Agencies Affected: Budget Committee; Department of State Revenue; Indiana Economic Development Corporation.

Local Agencies Affected: Regional Development Authorities, cities and counties participating in a development authority.

Information Sources: LSA. 2024 Indiana Tax Incentive Review. Redevelopment Tax Credit.
https://iga.in.gov/publications/tax_incentive_review/2024%20Tax%20Incentive%20Evaluation_FINAL.pdf

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