

**CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1055**

Citations Affected: IC 6-3.1-19-3; IC 6-3.1-19-5; IC 6-3.5-7-22.5; IC 36-7-13.

Synopsis: State and local administration. CONFERENCE COMMITTEE REPORT FOR EHB 1055. Grants a youth baseball and softball organization an additional period in which to file an application for a property tax exemption. Provides that a taxpayer that is otherwise entitled to a community revitalization enhancement district ("district") tax credit may claim the credit regardless of whether any incremental income or sales taxes have been deposited in the incremental tax financing fund established for the district or have been allocated to the district. Provides that a district must terminate not later than 15 years after incremental income or sales taxes are first allocated to the district. Provides that if the budget agency fails to act on an ordinance or a resolution designating a district within 120 days, the ordinance or resolution is considered approved. Permits an advisory commission on industrial development or the executive of a municipality or county to petition the budget agency for permission to modify the boundaries of a district. Establishes a procedure and criteria for appealing a decision by the department of state revenue that a taxpayer is not eligible for the community revitalization enhancement district tax credit because the taxpayer's business relocated operations into the district from another location in Indiana. Provides that the Randolph County council may impose a county economic development income tax at a rate of 0.25% to finance the construction, acquisition, renovation, and equipping of the county courthouse. Allows certain taxpayers to retroactively claim missed property tax exemptions. Allows certain taxpayers to file an amended personal property tax return for the 2001 assessment date. **(This conference committee report: (1) deletes several property tax and local income tax administration provisions and Internal Revenue Code reference and depreciation provisions; (2) adds provisions concerning community revitalization enhancement district tax credits; (3) adds the authority for certain taxpayers to retroactively claim missed property tax exemptions; (4) adds the authority for certain taxpayers to file an amended personal property tax return for the 2001 assessment date.)**

Effective: Upon passage; January 1, 2001 (retroactive); July 1, 2004.

Adopted Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1055 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning state
- 3 and local administration.
- 4 Delete everything after the enacting clause and insert the following:
- 5 SECTION 1. IC 6-3.1-19-3, AS AMENDED BY P.L.224-2003,
- 6 SECTION 196, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2004]: Sec. 3. (a) Subject to section 5 of this chapter, a
- 8 taxpayer is entitled to a credit against the taxpayer's state and local tax
- 9 liability for a taxable year if the taxpayer makes a qualified investment
- 10 in that year.
- 11 (b) The amount of the credit to which a taxpayer is entitled is the
- 12 qualified investment made by the taxpayer during the taxable year
- 13 multiplied by twenty-five percent (25%).
- 14 (c) A taxpayer may assign any part of the credit to which the
- 15 taxpayer is entitled under this chapter to a lessee of property
- 16 redeveloped or rehabilitated under section 2 of this chapter. A credit that
- 17 is assigned under this subsection remains subject to this chapter.
- 18 (d) An assignment under subsection (c) must be in writing and both

1 the taxpayer and the lessee must report the assignment on their state tax
 2 return for the year in which the assignment is made, in the manner
 3 prescribed by the department. The taxpayer may not receive value in
 4 connection with the assignment under subsection (c) that exceeds the
 5 value of the part of the credit assigned.

6 (e) If a pass through entity is entitled to a credit under this chapter
 7 but does not have state and local tax liability against which the tax credit
 8 may be applied, a shareholder, partner, or member of the pass through
 9 entity is entitled to a tax credit equal to:

10 (1) the tax credit determined for the pass through entity for the
 11 taxable year; multiplied by

12 (2) the percentage of the pass through entity's distributive income
 13 to which the shareholder, partner, or member is entitled.

14 The credit provided under this subsection is in addition to a tax credit
 15 to which a shareholder, partner, or member of a pass through entity is
 16 otherwise entitled under this chapter. However, a pass through entity
 17 and an individual who is a shareholder, partner, or member of the pass
 18 through entity may not claim more than one (1) credit for the same
 19 investment.

20 **(f) A taxpayer that is otherwise entitled to a credit under this**
 21 **chapter for a taxable year may claim the credit regardless of**
 22 **whether any income tax incremental amount or gross retail**
 23 **incremental amount has been:**

24 **(1) deposited in the incremental tax financing fund established**
 25 **for the community revitalization enhancement district; or**

26 **(2) allocated to the district.**

27 SECTION 2. IC 6-3.1-19-5 IS AMENDED TO READ AS FOLLOWS
 28 [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) ~~Except as provided in~~
 29 ~~subsection (b)~~; A taxpayer is not entitled to claim the credit provided by
 30 this chapter to the extent that the taxpayer substantially reduces or
 31 ceases its operations in Indiana in order to relocate them within the
 32 district.

33 ~~(b) Notwithstanding subsection (a), a taxpayer's substantial reduction~~
 34 ~~or cessation of operations in Indiana in order to relocate operations to~~
 35 ~~a district does not make a taxpayer ineligible for a credit under this~~
 36 ~~chapter if: (1)~~

37 **Determinations under this section shall be made by the**
 38 **department. The department shall adopt a proposed order**
 39 **concerning a taxpayer's eligibility for the credit based on**
 40 **subsection (b) and the following criteria:**

41 **(1) A site-specific economic activity, including sales, leasing,**
 42 **service, manufacturing, production, storage of inventory, or**
 43 **any activity involving permanent full-time or part-time**
 44 **employees, shall be considered a business operation.**

45 **(2) With respect to an operation located outside the district**
 46 **(referred to in this section as a "nondistrict operation"), any**
 47 **of the following that occurs during the twelve (12) months**
 48 **before the completion of the physical relocation of all or part**
 49 **of the activity described in subdivision (1) from the nondistrict**

1 operation to the district as compared with the twelve (12)
 2 months before that twelve (12) months shall be considered a
 3 substantial reduction:

4 (A) A reduction in the average number of full-time or
 5 part-time employees of the lesser of one hundred (100)
 6 employees or twenty-five percent (25%) of all employees.

7 (B) A twenty-five percent (25%) reduction in the average
 8 number of goods manufactured or produced.

9 (C) A twenty-five percent (25%) reduction in the average
 10 value of services provided.

11 (D) A ten percent (10%) reduction in the average value of
 12 stored inventory.

13 (E) A twenty-five percent (25%) reduction in the average
 14 amount of gross income.

15 (b) Notwithstanding subsection (a), a taxpayer that would
 16 otherwise be disqualified under subsection (a) is eligible for the
 17 credit provided by this chapter if the taxpayer meets at least one
 18 (1) of the following conditions:

19 (1) The taxpayer relocates all or part of its nondistrict
 20 operation for any of the following reasons:

21 (A) The lease on property necessary for the nondistrict
 22 operation has been involuntarily lost through no fault of the
 23 taxpayer.

24 (B) The space available at the location of the nondistrict
 25 operation cannot accommodate planned expansion needed by
 26 the taxpayer.

27 (C) The building for the nondistrict operation has been
 28 certified as uninhabitable by a state or local building
 29 authority.

30 (D) The building for the nondistrict operation has been
 31 totally destroyed through no fault of the taxpayer.

32 (E) The renovation and construction costs at the location of
 33 the nondistrict operation are more than one and one-half (1
 34 1/2) times the costs of purchase, renovation, and
 35 construction of a facility in the district, as certified by three
 36 (3) independent estimates.

37 (F) The taxpayer had existing operations in the district and ~~(2)~~
 38 the nondistrict operations relocated to the district are an
 39 expansion of the taxpayer's operations in the district.

40 A taxpayer is eligible for benefits and incentives under clause
 41 (C) or (D) only if renovation and construction costs at the
 42 location of the nondistrict operation are more than one and
 43 one-half (1 1/2) times the cost of purchase, renovation, and
 44 construction of a facility in the district. These costs must be
 45 certified by three (3) independent estimates.

46 (2) The taxpayer has not terminated or reduced the pension or
 47 health insurance obligations payable to employees or former

1 **employees of the nondistrict operation without the consent of**
 2 **the employees.**

3 **(c) The department shall cause to be delivered to the taxpayer**
 4 **and to any person who testified before the department in favor of**
 5 **disqualification of the taxpayer a copy of the department's**
 6 **proposed order. The taxpayer and these persons shall be**
 7 **considered parties for purposes of this section.**

8 **(d) A party who wishes to appeal the proposed order of the**
 9 **department shall, within ten (10) days after the party's receipt of**
 10 **the proposed order, file written objections with the department.**
 11 **The department shall immediately forward copies of the objections**
 12 **to the director of the budget agency and the director of the**
 13 **department of commerce. A hearing panel composed of the**
 14 **commissioner of the department or the commissioner's designee,**
 15 **the director of the budget agency or the director's designee, and**
 16 **the director of the department of commerce or the director's**
 17 **designee shall set the objections for oral argument and give notice**
 18 **to the parties. A party at its own expense may cause to be filed**
 19 **with the hearing panel a transcript of the oral testimony or any**
 20 **other part of the record of the proceedings. The oral argument**
 21 **shall be on the record filed with the hearing panel. The hearing**
 22 **panel may hear additional evidence or remand the action to the**
 23 **department with instructions appropriate to the expeditious and**
 24 **proper disposition of the action. The hearing panel may adopt the**
 25 **proposed order of the department, may amend or modify the**
 26 **proposed order, or may make such order or determination as is**
 27 **proper on the record. The affirmative votes of at least two (2)**
 28 **members of the hearing panel are required for the hearing panel**
 29 **to take action on any measure. The taxpayer may appeal the**
 30 **decision of the hearing panel to the tax court in the same manner**
 31 **that a final determination of the department may be appealed**
 32 **under IC 33-3-5.**

33 **(e) If no objections are filed, the department may adopt the**
 34 **proposed order without oral argument.**

35 ~~(f)~~ **(f) A determination that a taxpayer is not entitled to the credit**
 36 **provided by this chapter as a result of a substantial reduction or**
 37 **cessation of operations applies to credits that would otherwise arise in**
 38 **the taxable year in which the substantial reduction or cessation occurs**
 39 **and in all subsequent years. ~~Determinations under this section shall be~~**
 40 **~~made by the department of state revenue.~~**

41 **SECTION 3. IC 6-3.5-7-22.5, AS AMENDED BY P.L.224-2003,**
 42 **SECTION 258, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**
 43 **JULY 1, 2004]: Sec. 22.5. (a) This section applies to a county having**
 44 **a population of more than twenty-seven thousand four hundred**
 45 **(27,400) but less than twenty-seven thousand five hundred (27,500).**

46 **(b) In addition to the rates permitted by section 5 of this chapter, the**
 47 **county council may impose the county economic development income**
 48 **tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted**

1 gross income of county taxpayers if the county council makes the
2 finding and determination set forth in subsection (c).

3 (c) In order to impose the county economic development income tax
4 as provided in this section, the county council must adopt an ordinance
5 finding and determining that revenues from the county economic
6 development income tax are needed to pay the costs of:

7 (1) financing, **constructing, acquiring, renovating, and**
8 **equipping the county courthouse**, and **financing and** renovating
9 the former county hospital for additional office space, educational
10 facilities, nonsecure juvenile facilities, and other county functions,
11 including the repayment of bonds issued, or leases entered into for
12 **constructing, acquiring, renovating, and equipping the county**
13 **courthouse and for** renovating the former county hospital for
14 additional office space, educational facilities, nonsecure juvenile
15 facilities, and other county functions;

16 (2) financing constructing, acquiring, renovating, and equipping
17 buildings for a volunteer fire department (as defined in
18 IC 36-8-12-2) that provides services in any part of the county; and

19 (3) financing constructing, acquiring, and renovating firefighting
20 apparatus or other related equipment for a volunteer fire department
21 (as defined in IC 36-8-12-2) that provides services in any part of
22 the county.

23 ~~The revenues from the county economic development income tax~~
24 ~~imposed under this section may not be used to pay the costs of~~
25 ~~financing constructing, acquiring, renovating, and equipping the county~~
26 ~~courthouse.~~

27 (d) If the county council makes a determination under subsection (c),
28 the county council may adopt a tax rate under subsection (b). The tax
29 rate may not be imposed at a rate or for a time greater than is necessary
30 to pay for the purposes described in this section.

31 (e) The county treasurer shall establish a county option tax revenue
32 fund to be used only for the purposes described in this section. County
33 economic development income tax revenues derived from the tax rate
34 imposed under this section shall be deposited in the county option tax
35 revenue fund before making a certified distribution under section 11 of
36 this chapter.

37 (f) County economic development income tax revenues derived from
38 the tax rate imposed under this section:

39 (1) may only be used for the purposes described in this section;

40 (2) may not be considered by the department of local government
41 finance in determining the county's maximum permissible property
42 tax levy limit under IC 6-1.1-18.5; and

43 (3) may be pledged to the repayment of bonds issued, or leases
44 entered into, for the purposes described in subsection (c).

45 (g) A county described in subsection (a) possesses:

46 (1) unique fiscal challenges to finance the operations of county
47 government due to the county's ongoing obligation to repay
48 amounts received by the county due to an overpayment of the
49 county's certified distribution under IC 6-3.5-1.1-9 for a prior year;
50 and

1 (2) unique capital financing needs related to the purposes described
2 in subsection (c).

3 SECTION 4. IC 36-7-13-2.4, AS AMENDED BY P.L.178-2002,
4 SECTION 116, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2004]: Sec. 2.4. Except as provided in section 10.7(c) of this
6 chapter, as used in this chapter, "gross retail base period amount"
7 means:

8 (1) the aggregate amount of state gross retail and use taxes remitted
9 under IC 6-2.5 by the businesses operating in the territory
10 comprising a district during the full state fiscal year that precedes
11 the date on which:

12 (A) an advisory commission on industrial development adopted
13 a resolution designating the district, in the case of a district that
14 is not described in section 12(c) of this chapter; or

15 (B) the legislative body of a county or municipality adopts an
16 ordinance designating a district under section 10.5 of this
17 chapter; ~~or~~

18 (2) an amount equal to:

19 (A) the aggregate amount of state gross retail and use taxes
20 remitted:

21 (i) under IC 6-2.5 by the businesses operating in the territory
22 comprising a district; and

23 (ii) during the month in which an advisory commission on
24 industrial development adopted a resolution designating the
25 district; multiplied by

26 (B) twelve (12);

27 in the case of a district that is described in section 12(c) of this
28 chapter; **or**

29 **(3) an amount equal to the amount determined under**
30 **subdivision (1) or (2); plus:**

31 **(A) the aggregate amount of state gross retail and use taxes**
32 **remitted:**

33 **(i) under IC 6-2.5 by the businesses operating in the**
34 **territory added to the district; and**

35 **(ii) during the month in which a petition to modify the**
36 **district's boundaries is approved by the budget agency**
37 **under section 12.5 of this chapter; multiplied by**

38 **(B) twelve (12);**

39 **in the case of a district modified under section 12.5 of this**
40 **chapter.**

41 SECTION 5. IC 36-7-13-3.2, AS AMENDED BY P.L.178-2002,
42 SECTION 117, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
43 JULY 1, 2004]: Sec. 3.2. Except as provided in section 10.7(d) of this
44 chapter, as used in this chapter, "income tax base period amount"
45 means:

46 (1) the aggregate amount of state and local income taxes paid by
47 employees employed in the territory comprising a district with
48 respect to wages and salary earned for work in the district for the
49 state fiscal year that precedes the date on which:

1 (A) an advisory commission on industrial development adopted
 2 a resolution designating the district, in the case of a district that
 3 is not described in section 12(c) of this chapter; or

4 (B) the legislative body of a county or municipality adopts an
 5 ordinance designating a district under section 10.5 of this
 6 chapter; ~~or~~

7 (2) an amount equal to:

8 (A) the aggregate amount of state and local income taxes paid by
 9 employees employed in the territory comprising a district with
 10 respect to wages and salary earned for work in the district during
 11 the month in which an advisory commission on industrial
 12 development adopted a resolution designating the district;
 13 multiplied by

14 (B) twelve (12);

15 in the case of a district that is described in section 12(c) of this
 16 chapter; or

17 **(3) an amount equal to the amount determined under**
 18 **subdivision (1) or (2); plus:**

19 **(A) the aggregate amount of state and local income taxes**
 20 **paid by employees employed in the territory added to the**
 21 **district with respect to wages and salary earned for work in**
 22 **the modified district during the month in which a petition to**
 23 **modify the district's boundaries is approved by the budget**
 24 **agency under section 12.5 of this chapter; multiplied by**

25 **(B) twelve (12);**

26 **in the case of a district modified under section 12.5 of this**
 27 **chapter.**

28 SECTION 6. IC 36-7-13-10.5, AS AMENDED BY P.L.178-2002,
 29 SECTION 118, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2004]: Sec. 10.5. (a) This section applies only to a county that
 31 meets the following conditions:

32 (1) The county's annual rate of unemployment has been above the
 33 average annual statewide rate of unemployment during at least three
 34 (3) of the preceding five (5) years.

35 (2) The median income of the county has:

36 (A) declined over the preceding ten (10) years; or

37 (B) has grown at a lower rate than the average annual statewide
 38 growth in median income during at least three (3) of the
 39 preceding five (5) years.

40 (3) The population of the county (as determined by the legislative
 41 body of the county) has declined over the preceding ten (10) years.

42 (b) Except as provided in section 10.7 of this chapter, in a county
 43 described in subsection (a), the legislative body of the county may
 44 adopt an ordinance designating an unincorporated part or
 45 unincorporated parts of the county as a district, and the legislative body
 46 of a municipality located within the county may adopt an ordinance
 47 designating a part or parts of the municipality as a district, if the
 48 legislative body finds all of the following:

49 (1) The area to be designated as a district contains a building or

- 1 buildings that:
- 2 (A) have a total of at least fifty thousand (50,000) square feet of
- 3 usable interior floor space; and
- 4 (B) are vacant or will become vacant due to the relocation of the
- 5 employer or the cessation of operations on the site by the
- 6 employer.
- 7 (2) Significantly fewer persons are employed in the area to be
- 8 designated as a district than were employed in the area during the
- 9 year that is ten (10) years previous to the current year.
- 10 (3) There are significant obstacles to redevelopment in the area due
- 11 to any of the following problems:
- 12 (A) Obsolete or inefficient buildings.
- 13 (B) Aging infrastructure or inefficient utility services.
- 14 (C) Utility relocation requirements.
- 15 (D) Transportation or access problems.
- 16 (E) Topographical obstacles to redevelopment.
- 17 (F) Environmental contamination or remediation.
- 18 (c) A legislative body adopting an ordinance under subsection (b)
- 19 shall designate the duration of the district. However, ~~the duration may~~
- 20 ~~not exceed a district must terminate not later than~~ fifteen (15)
- 21 years ~~from the time of designation. after the income tax incremental~~
- 22 ~~amount or gross retail incremental amount is first allocated to the~~
- 23 ~~district.~~
- 24 (d) Except as provided in section 10.7 of this chapter, upon adoption
- 25 of an ordinance designating a district, the legislative body shall submit
- 26 the ordinance to the budget committee for review and recommendation
- 27 to the budget agency. **If the budget agency fails to take action on an**
- 28 **ordinance designating a district within one hundred twenty (120)**
- 29 **days after the date that the ordinance is submitted to the budget**
- 30 **committee, the designation of the district by the ordinance is**
- 31 **considered approved.**
- 32 (e) Except as provided in section 10.7 of this chapter, when
- 33 considering the designation of a district by an ordinance adopted under
- 34 this section, the budget committee and the budget agency must make
- 35 the following findings before approving the designation of the district:
- 36 (1) The area to be designated as a district meets the conditions
- 37 necessary for the designation as a district.
- 38 (2) The designation of the district will benefit the people of Indiana
- 39 by protecting or increasing state and local tax bases and tax
- 40 revenues for at least the duration of the district.
- 41 (f) Except as provided in section 10.7 of this chapter, the income tax
- 42 incremental amount and the gross retail incremental amount may not be
- 43 allocated to the district until ~~the budget agency approves~~ the designation
- 44 of the district by the local ordinance **is approved under this section.**
- 45 SECTION 7. IC 36-7-13-12, AS AMENDED BY P.L.224-2003,
- 46 SECTION 238, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 47 JULY 1, 2004]: Sec. 12. (a) If a municipal or county executive has
- 48 submitted an application to an advisory commission on industrial
- 49 development requesting that an area be designated as a district under

1 this chapter and the advisory commission has compiled and prepared
 2 the information required under section 11 of this chapter concerning the
 3 area, the advisory commission may adopt a resolution designating the
 4 area as a district if it makes the findings described in subsection (b),
 5 (c), (d), or (e). In a county described in subsection (c), an advisory
 6 commission may designate more than one (1) district under subsection
 7 (c).

8 (b) For an area located in a county having a population of more than
 9 one hundred twenty thousand (120,000) but less than one hundred
 10 thirty thousand (130,000), an advisory commission may adopt a
 11 resolution designating a particular area as a district only after finding all
 12 of the following:

13 (1) The area contains a building or buildings:

14 (A) with at least one million (1,000,000) square feet of usable
 15 interior floor space; and

16 (B) that is or are vacant or will become vacant due to the
 17 relocation of an employer.

18 (2) At least one thousand (1,000) fewer persons are employed in
 19 the area than were employed in the area during the year that is ten
 20 (10) years previous to the current year.

21 (3) There are significant obstacles to redevelopment of the area due
 22 to any of the following problems:

23 (A) Obsolete or inefficient buildings.

24 (B) Aging infrastructure or inefficient utility services.

25 (C) Utility relocation requirements.

26 (D) Transportation or access problems.

27 (E) Topographical obstacles to redevelopment.

28 (F) Environmental contamination.

29 (4) The unit has expended, appropriated, pooled, set aside, or
 30 pledged at least one hundred thousand dollars (\$100,000) for
 31 purposes of addressing the redevelopment obstacles described in
 32 subdivision (3).

33 (5) The area is located in a county having a population of more than
 34 one hundred twenty thousand (120,000) but less than one hundred
 35 thirty thousand (130,000).

36 (c) For a county having a population of more than one hundred
 37 eighteen thousand (118,000) but less than one hundred twenty thousand
 38 (120,000), an advisory commission may adopt a resolution designating
 39 not more than two (2) areas as districts. An advisory commission may
 40 designate an area as a district only after finding the following:

41 (1) The area meets either of the following conditions:

42 (A) The area contains a building with at least seven hundred
 43 ninety thousand (790,000) square feet, and at least eight hundred
 44 (800) fewer people are employed in the area than were employed
 45 in the area during the year that is fifteen (15) years previous to
 46 the current year.

47 (B) The area contains a building with at least ~~four hundred forty~~
 48 ~~thousand (440,000)~~ **three hundred eighty-six thousand**
 49 **(386,000)** square feet, and at least four hundred (400) fewer
 50 people are employed in the area than were employed in the area

- 1 during the year that is fifteen (15) years previous to the current
 2 year.
- 3 (2) The area is located in or is adjacent to an industrial park.
- 4 (3) There are significant obstacles to redevelopment of the area due
 5 to any of the following problems:
- 6 (A) Obsolete or inefficient buildings.
 7 (B) Aging infrastructure or inefficient utility services.
 8 (C) Utility relocation requirements.
 9 (D) Transportation or access problems.
 10 (E) Topographical obstacles to redevelopment.
 11 (F) Environmental contamination.
- 12 (4) The area is located in a county having a population of more than
 13 one hundred eighteen thousand (118,000) but less than one hundred
 14 twenty thousand (120,000).
- 15 (d) For an area located in a county having a population of more than
 16 two hundred thousand (200,000) but less than three hundred thousand
 17 (300,000), an advisory commission may adopt a resolution designating
 18 a particular area as a district only after finding all of the following:
- 19 (1) The area contains a building or buildings:
- 20 (A) with at least one million five hundred thousand (1,500,000)
 21 square feet of usable interior floor space; and
 22 (B) that is or are vacant or will become vacant.
- 23 (2) At least eighteen thousand (18,000) fewer persons are
 24 employed in the area at the time of application than were employed
 25 in the area before the time of application.
- 26 (3) There are significant obstacles to redevelopment of the area due
 27 to any of the following problems:
- 28 (A) Obsolete or inefficient buildings.
 29 (B) Aging infrastructure or inefficient utility services.
 30 (C) Utility relocation requirements.
 31 (D) Transportation or access problems.
 32 (E) Topographical obstacles to redevelopment.
 33 (F) Environmental contamination.
- 34 (4) The unit has expended, appropriated, pooled, set aside, or
 35 pledged at least one hundred thousand dollars (\$100,000) for
 36 purposes of addressing the redevelopment obstacles described in
 37 subdivision (3).
- 38 (5) The area is located in a county having a population of more than
 39 two hundred thousand (200,000) but less than three hundred
 40 thousand (300,000).
- 41 (e) For an area located in a county having a population of more than
 42 three hundred thousand (300,000) but less than four hundred thousand
 43 (400,000), an advisory commission may adopt a resolution designating
 44 a particular area as a district only after finding all of the following:
- 45 (1) The area contains a building or buildings:
- 46 (A) with at least eight hundred thousand (800,000) gross square
 47 feet; and
 48 (B) having leasable floor space, at least fifty percent (50%) of
 49 which is or will become vacant.
- 50 (2) There are significant obstacles to redevelopment of the area due

- 1 to any of the following problems:
- 2 (A) Obsolete or inefficient buildings as evidenced by a decline of
- 3 at least seventy-five percent (75%) in their assessed valuation
- 4 during the preceding ten (10) years.
- 5 (B) Transportation or access problems.
- 6 (C) Environmental contamination.
- 7 (3) At least four hundred (400) fewer persons are employed in the
- 8 area than were employed in the area during the year that is fifteen
- 9 (15) years previous to the current year.
- 10 (4) The area has been designated as an economic development
- 11 target area under IC 6-1.1-12.1-7.
- 12 (5) The unit has appropriated, pooled, set aside, or pledged at least
- 13 two hundred fifty thousand dollars (\$250,000) for purposes of
- 14 addressing the redevelopment obstacles described in subdivision
- 15 (2).
- 16 (6) The area is located in a county having a population of more than
- 17 three hundred thousand (300,000) but less than four hundred
- 18 thousand (400,000).
- 19 (f) The advisory commission, or the county or municipal legislative
- 20 body, in the case of a district designated under section 10.5 of this
- 21 chapter, shall designate the duration of the district. ~~but the duration may~~
- 22 ~~not exceed~~ **However, a district must terminate not later than** fifteen
- 23 **(15) years (at the time of designation): after the income tax**
- 24 **incremental amount or gross retail incremental amount is first**
- 25 **allocated to the district.**
- 26 (g) Upon adoption of a resolution designating a district, the advisory
- 27 commission shall submit the resolution to the budget committee for
- 28 review and recommendation to the budget agency. **If the budget**
- 29 **agency fails to take action on a resolution designating a district**
- 30 **within one hundred twenty (120) days after the date that the**
- 31 **resolution is submitted to the budget committee, the designation**
- 32 **of the district by the resolution is considered approved.**
- 33 (h) When considering a resolution, the budget committee and the
- 34 budget agency must make the following findings:
- 35 (1) The area to be designated as a district meets the conditions
- 36 necessary for designation as a district.
- 37 (2) The designation of the district will benefit the people of Indiana
- 38 by protecting or increasing state and local tax bases and tax
- 39 revenues for at least the duration of the district.
- 40 (i) The income tax incremental amount and the gross retail
- 41 incremental amount may not be allocated to the district until ~~the budget~~
- 42 ~~agency approves~~ **the resolution is approved under this section.**
- 43 SECTION 8. IC 36-7-13-12.1, AS ADDED BY P.L.224-2003,
- 44 SECTION 239, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 45 JULY 1, 2004]: Sec. 12.1. (a) If the executive of a city described in
- 46 section 10.1(a) of this chapter has submitted an application to an
- 47 advisory commission on industrial development requesting that an area
- 48 be designated as a district under this chapter and the advisory
- 49 commission has compiled and prepared the information required under

1 section 11 of this chapter concerning the area, the advisory commission
 2 may adopt a resolution designating the area as a district if it finds the
 3 following:

4 (1) That the redevelopment of the area in the district will:

5 (A) promote significant opportunities for the gainful employment
 6 of its citizens;

7 (B) attract a major new business enterprise to the area; or

8 (C) retain or expand a significant business enterprise within the
 9 area.

10 (2) That there are significant obstacles to redevelopment of the area
 11 due to any of the following problems:

12 (A) Obsolete or inefficient buildings.

13 (B) Aging infrastructure or ineffective utility services.

14 (C) Utility relocation requirements.

15 (D) Transportation or access problems.

16 (E) Topographical obstacles to redevelopment.

17 (F) Environmental contamination.

18 (G) Lack of development or cessation of growth.

19 (H) Deterioration of improvements or character of occupancy,
 20 age, obsolescence, or substandard buildings.

21 (I) Other factors that have impaired values or prevent a normal
 22 development of property or use of property.

23 (b) To address the obstacles identified in subsection (a)(2), the city
 24 may make expenditures for:

25 (1) the acquisition of land;

26 (2) interests in land;

27 (3) site improvements;

28 (4) infrastructure improvements;

29 (5) buildings;

30 (6) structures;

31 (7) rehabilitation, renovation, and enlargement of buildings and
 32 structures;

33 (8) machinery;

34 (9) equipment;

35 (10) furnishings;

36 (11) facilities;

37 (12) administration expenses associated with such a project;

38 (13) operating expenses; or

39 (14) substance removal or remedial action to the area.

40 (c) In addition to the findings described in subsection (a), an advisory
 41 commission must also find that the city described in section 10.1(a) of
 42 this chapter has expended, appropriated, pooled, set aside, or pledged
 43 at least two hundred fifty thousand dollars (\$250,000) for purposes of
 44 addressing the redevelopment obstacles described in subsection (a)(2).

45 (d) The advisory commission shall designate the duration of the
 46 district. ~~but the duration may not exceed~~ **However, a district must**
 47 **terminate not later than** fifteen (15) years ~~(at the time of~~
 48 ~~designation)-~~ **after the income tax incremental amount or gross**
 49 **retail incremental amount is first allocated to the district under**
 50 **this chapter.**

1 (e) Upon adoption of a resolution designating a district, the advisory
 2 commission shall submit the resolution to the budget committee for
 3 review and recommendation to the budget agency. **If the budget**
 4 **agency fails to take action on a resolution designating a district**
 5 **within one hundred twenty (120) days after the date that the**
 6 **resolution is submitted to the budget committee, the designation**
 7 **of the district by the resolution is considered approved.**

8 (f) When considering a resolution, the budget committee and the
 9 budget agency must make the following findings:

10 (1) The area to be designated as a district meets the conditions
 11 necessary for designation as a district.

12 (2) The designation of the district will benefit the people of Indiana
 13 by protecting or increasing state and local tax bases and tax
 14 revenues for at least the duration of the district.

15 (g) The income tax incremental amount and the gross retail
 16 incremental amount may not be allocated to the district until the ~~budget~~
 17 ~~agency approves the resolution is approved under this section.~~

18 SECTION 9. IC 36-7-13-12.5 IS ADDED TO THE INDIANA CODE
 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 20 1, 2004]: **Sec. 12.5. (a) An advisory commission on industrial**
 21 **development that designates a district under section 12 or 12.1 of**
 22 **this chapter or the legislative body of a county or municipality**
 23 **that adopts an ordinance designating a district under section 10.5**
 24 **of this chapter may petition for permission to modify the**
 25 **boundaries of the district. The petition must be submitted to the**
 26 **budget committee for review and recommendation to the budget**
 27 **agency.**

28 (b) When considering a petition submitted under subsection (a),
 29 the budget committee and the budget agency must make the
 30 following findings:

31 (1) The area to be added to the district, if any, meets the
 32 conditions necessary for designation as a district under section
 33 10.5, 12, or 12.1 of this chapter.

34 (2) The proposed modification of the district will benefit the
 35 people of Indiana by protecting or increasing state and local
 36 tax bases and tax revenues for at least the duration of the
 37 district.

38 (c) Upon approving a petition submitted under subsection (a),
 39 the budget agency shall certify the district's modified boundaries
 40 to the department of state revenue.

41 SECTION 10. IC 36-7-13-13, AS AMENDED BY P.L.224-2003,
 42 SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 43 JULY 1, 2004]: **Sec. 13. (a) If an advisory commission on industrial**
 44 **development designates a district under section 12 or 12.1 of this**
 45 **chapter or if the legislative body of a county or municipality adopts an**
 46 **ordinance designating a district under section 10.5 of this chapter, the**
 47 **advisory commission, or the legislative body in the case of a district**
 48 **designated under section 10.5 of this chapter, shall send a certified copy**

1 of the resolution or ordinance designating the district to the department
2 of state revenue by certified mail and shall include with the resolution
3 a complete list of the following:

4 (1) Employers in the district.

5 (2) Street names and the range of street numbers of each street in
6 the district.

7 (b) The advisory commission, or the legislative body in the case of a
8 district designated under section 10.5 of this chapter, shall update the
9 list:

10 (1) before July 1 of each year; or

11 (2) **within fifteen (15) days after the date that the budget**
12 **agency approves a petition to modify the boundaries of the**
13 **district under section 12.5 of this chapter.**

14 ~~(b)~~ (c) Not later than sixty (60) days after receiving a copy of the
15 resolution or ordinance designating a district, the department of state
16 revenue shall determine the gross retail base period amount and the
17 income tax base period amount.

18 (d) **Not later than sixty (60) days after receiving a certification**
19 **of a district's modified boundaries under section 12.5(c) of this**
20 **chapter, the department shall recalculate the gross retail base**
21 **period amount and the income tax base period amount for a**
22 **district modified under section 12.5 of this chapter.**

23 SECTION 11. IC 36-7-13-14 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 14. (a) Before the first
25 business day in October of each year, the department shall calculate the
26 income tax incremental amount and the gross retail incremental amount
27 for the preceding state fiscal year for each district designated under this
28 chapter.

29 (b) **Not later than sixty (60) days after receiving a certification**
30 **of a district's modified boundaries under section 12.5(c) of this**
31 **chapter, the department shall recalculate the income tax**
32 **incremental amount and the gross retail incremental amount for**
33 **the preceding state fiscal year for a district modified under section**
34 **12.5 of this chapter.**

35 SECTION 12. [EFFECTIVE JULY 1, 2004] (a) An advisory
36 commission or a legislative body that designated a community
37 revitalization enhancement district before July 1, 2004, may adopt
38 a resolution before July 1, 2005, to amend the duration of the
39 district under IC 36-7-13-10.5, IC 36-7-13-12, or IC 36-7-13-12.1,
40 all as amended by this act, if no income tax incremental amounts
41 or gross retail incremental amounts have been:

42 (1) deposited in the incremental tax financing fund established
43 for the community revitalization enhancement district; or

44 (2) allocated to the district.

45 (b) If an advisory commission or a legislative body adopts a
46 resolution under this SECTION to amend the duration of the
47 district, the advisory commission or legislative body shall
48 immediately send a certified copy of the resolution to the budget

1 agency and the department of state revenue by certified mail.

2 (c) This SECTION expires January 1, 2006.

3 SECTION 13. [EFFECTIVE UPON PASSAGE] (a) A religious
4 institution may file an application under IC 6-1.1-11 before May
5 11, 2004, for exemption of one (1) or more parcels of real property
6 for property taxes first due and payable in 2001 and 2002 if:

7 (1) the religious institution did not file an application under
8 IC 6-1.1-11 for exemption of the real property with respect to
9 property taxes first due and payable in 2001 or 2002;

10 (2) the religious institution acquired the real property in 1999;
11 and

12 (3) the real property was exempt from property taxes for
13 property taxes first due and payable in 2000.

14 (b) If a religious institution files an exemption application under
15 subsection (a):

16 (1) the exemption application is subject to review and action
17 by:

18 (A) the county property tax assessment board of appeals;
19 and

20 (B) the department of local government finance; and

21 (2) the exemption determination made under subdivision (1)
22 is subject to appeal;

23 in the same manner that would have applied if an application for
24 exemption had been timely filed in 2000 and 2001.

25 (c) If an exemption application filed under subsection (a) is
26 approved, the religious institution may file a claim under
27 IC 6-1.1-26-1 with the county auditor for a refund for any
28 payment of property taxes first due and payable in 2001 and for
29 any payment of property taxes first due and payable in 2002,
30 including any paid interest and penalties, with respect to the
31 exempt property.

32 (d) Upon receiving a claim for a refund filed under subsection
33 (c), the county auditor shall determine whether the claim is
34 correct. If the county auditor determines that the claim is correct,
35 the auditor shall, without an appropriation being required, issue
36 a warrant to the claimant payable from the county general fund
37 for the amount of the refund due the claimant. No interest is
38 payable on the refund.

39 (e) This SECTION expires January 1, 2005.

40 SECTION 14. [EFFECTIVE UPON PASSAGE] (a) A religious
41 institution may file an application under IC 6-1.1-11 before
42 August 1, 2004, for exemption of one (1) or more parcels of real
43 property for property taxes first due and payable in 2001, 2002,
44 2003, and 2004 if:

45 (1) the religious institution did not file an application under
46 IC 6-1.1-11 for exemption of the real property with respect to
47 property taxes first due and payable in 2001, 2002, 2003, or

- 1 **2004;**
2 **(2) the religious institution acquired the real property in 2000**
3 **from another religious institution;**
4 **(3) the real property was exempt from property taxes for**
5 **property taxes first due and payable in 2000; and**
6 **(4) the religious institution:**
7 **(A) acquired the real property under a contract with a**
8 **religious institution;**
9 **(B) has occupied the real property for each of the years**
10 **described in subdivision (1); and**
11 **(C) has used the real property for its religious purposes in**
12 **each of the years described in subdivision (1).**
13 **(b) If a religious institution files an exemption application under**
14 **subsection (a):**
15 **(1) the exemption application is subject to review and action**
16 **by:**
17 **(A) the county property tax assessment board of appeals;**
18 **and**
19 **(B) the department of local government finance; and**
20 **(2) the exemption determination made under subdivision (1)**
21 **is subject to appeal;**
22 **in the same manner that would have applied if an application for**
23 **exemption had been timely filed in 2000, 2001, 2002, and 2003.**
24 **(c) The religious institution may file a claim under IC 6-1.1-26-1**
25 **with the county auditor for a refund for any payment of property**
26 **taxes first due and payable in 2001, 2002, 2003, and 2004,**
27 **including any paid interest and penalties, with respect to the**
28 **exempt property if:**
29 **(1) an exemption application filed under subsection (a) is**
30 **approved; and**
31 **(2) the religious institution has paid any property taxes in**
32 **2001, 2002, 2003, and 2004 attributable to the exempt**
33 **property.**
34 **(d) Upon receiving a claim for a refund filed under subsection**
35 **(c), the county auditor shall determine whether the claim is**
36 **correct. If the county auditor determines that the claim is correct,**
37 **the auditor shall, without an appropriation being required, issue**
38 **a warrant to the claimant payable from the county general fund**
39 **for the amount of the refund due the claimant. No interest is**
40 **payable on the refund.**
41 **(e) If:**
42 **(1) the religious institution incurred property tax liabilities in**
43 **2001, 2002, 2003, and 2004 because of the failure to properly**
44 **apply for a property tax exemption for the religious**
45 **institution's real property described in subsection (a); and**
46 **(2) an exemption application filed under subsection (a) is**
47 **approved;**

1 the county treasurer of the county in which the real property is
2 located shall forgive the property taxes, penalties, and interest
3 charged to the religious institution for the exempt property in
4 2001, 2002, 2003, and 2004.

5 (f) This SECTION expires January 1, 2005.

6 SECTION 15. [EFFECTIVE UPON PASSAGE] (a) The definitions
7 in IC 6-1.1-1 apply throughout this SECTION.

8 (b) As used in this SECTION, "taxpayer" means a nonprofit
9 corporation that is an owner of land and improvements:

10 (1) that were owned, occupied, and used by the taxpayer to
11 provide youths with the opportunity to play supervised and
12 organized baseball or softball, or both, against other youths
13 during the period preceding the assessment date in 2002 and
14 continuing through the date that this SECTION is effective;

15 (2) for which a property tax liability was imposed for property
16 taxes first due and payable in 2001, 2002, and 2003 that
17 exceeded eighteen thousand dollars (\$18,000), in the
18 aggregate, and was paid in 2003;

19 (3) that would have qualified for an exemption under
20 IC 6-1.1-10 from property taxes first due and payable in 2003
21 if the owner had complied with the filing requirements for the
22 exemption in a timely manner; and

23 (4) that have been granted an exemption under IC 6-1.1-10
24 from property taxes first due and payable in 2004.

25 (c) The land and improvements described in subsection (b) are
26 exempt under IC 6-1.1-10-16 from property taxes first due and
27 payable in 2003, notwithstanding that the taxpayer failed to make
28 a timely application for the exemption on or before May 15, 2002.

29 (d) The taxpayer may file claims with the county auditor for a
30 refund for the amounts paid toward property taxes on the land and
31 improvements described in subsection (b) that were billed to the
32 taxpayer for property taxes first due and payable in 2001, 2002,
33 and 2003. The claim must be filed as set forth in IC 6-1.1-26-1(1)
34 through IC 6-1.1-26-1(3). The claims must present sufficient facts
35 for the county auditor to determine whether the claimant is a
36 person that meets the qualifications described in subsection (b)
37 and the amount that should be refunded to the taxpayer.

38 (e) Upon receiving a claim filed under this SECTION, the county
39 auditor shall determine whether the claim is correct. If the county
40 auditor determines that the claim is correct, the county auditor
41 shall submit the claim under IC 6-1.1-26-3 to the county board of
42 commissioners for review. The only grounds for disallowing the
43 claim under IC 6-1.1-26-4 are that the claimant is not a person
44 that meets the qualifications described in subsection (b) or that
45 the amount claimed is not the amount due to the taxpayer. If the
46 claim is allowed, the county auditor shall, without an
47 appropriation being required, issue a warrant to the claimant

1 payable from the county general fund for the amount due the
 2 claimant under this SECTION. The amount of the refund must
 3 equal the amount of the claim allowed. Notwithstanding
 4 IC 6-1.1-26-5, no interest is payable on the refund.

5 (f) This SECTION expires December 31, 2006.

6 SECTION 16. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]

7 (a) This SECTION applies notwithstanding the following:

8 IC 6-1.1-3-7.5

9 IC 6-1.1-10-10

10 IC 6-1.1-10-13

11 IC 6-1.1-10-31.1

12 IC 6-1.1-11

13 IC 6-1.1-12.1-5.4

14 50 IAC 4.2-11

15 50 IAC 4.2-12-1

16 50 IAC 10-3

17 50 IAC 16.

18 (b) As used in this SECTION, "taxpayer" means a taxpayer in
 19 a county containing a consolidated city that filed:

20 (1) an original personal property tax return under IC 6-1.1-3
 21 for the March 1, 2001, assessment date using a consolidated
 22 return, Form 103-C; and

23 (2) before March 1, 2003, a Form 133 petition for correction of
 24 an error with respect to the assessed value of the taxpayer's
 25 personal property on the March 1, 2001, assessment date.

26 (c) Before January 1, 2005, a taxpayer may file an amended
 27 personal property tax return for the March 1, 2001, assessment
 28 date.

29 (d) A taxpayer that files an amended personal property tax
 30 return under subsection (c) is entitled to the following exemptions
 31 for the March 1, 2001, assessment date:

32 (1) An exemption for an industrial waste control facility under
 33 IC 6-1.1-10-9.

34 (2) An exemption for an air pollution control system under
 35 IC 6-1.1-10-12.

36 (3) An exemption for tangible personal property under
 37 IC 6-1.1-10-29, as in effect on March 1, 2001.

38 (4) An exemption for tangible personal property under
 39 IC 6-1.1-10-29.3.

40 (5) An exemption for tangible personal property under
 41 IC 6-1.1-10-30.

42 (e) The amount of an exemption described in subsection (d)(1)
 43 or (d)(2) is based on the total cost of the industrial waste control
 44 facility or air pollution control system reported by the taxpayer on
 45 a Form 103-P that must be filed with the amended personal
 46 property tax return filed under subsection (c).

47 (f) The total amount of the exemptions described in subsection

1 (d)(3) through (d)(5) is:

- 2 (1) the total cost of the taxpayer's finished goods reported on
3 Schedule B, line 3, of the taxpayer's amended personal
4 property tax return filed under subsection (c); multiplied by
5 (2) the ratio reported by the taxpayer on the Form 103-W filed
6 with the taxpayer's amended personal property tax return.

7 (g) Before January 1, 2005, a taxpayer may file with the county
8 auditor an application for a deduction from assessed valuation for
9 new manufacturing equipment in an economic revitalization area
10 for the March 1, 2001, assessment date. The taxpayer shall include
11 all necessary attachments to the deduction application.

12 (h) If a taxpayer files an amended personal property tax return
13 under subsection (c) and a deduction application described in
14 subsection (g), the taxpayer is entitled to a credit in the amount
15 of the taxes paid by the taxpayer on the remainder of:

- 16 (1) the assessed value reported on the taxpayer's original
17 personal property tax return for the March 1, 2001,
18 assessment date; minus
19 (2) the assessed value reported on the taxpayer's amended
20 personal property tax return for the March 1, 2001,
21 assessment date filed under subsection (c).

22 For purposes of calculating the credit allowed under this
23 subsection, the assessed value reported on the taxpayer's
24 amended personal property tax return filed under subsection (c)
25 shall be reduced by the amount of the deduction claimed on the
26 deduction application filed under subsection (g).

27 (i) The county auditor shall reduce the amount of the credit to
28 which a taxpayer is entitled under subsection (h) by the amount
29 of any property tax refunds paid:

- 30 (1) to the taxpayer for personal property taxes based on the
31 March 1, 2001, assessment date; and
32 (2) before the date the taxpayer files an amended personal
33 property tax return under subsection (c).

34 (j) Notwithstanding IC 6-1.1-26, the county auditor shall apply
35 the full amount of the credit allowed under subsection (h) against
36 the taxpayer's property tax liability for property taxes first due
37 and payable in 2004. If the full amount of the credit allowed under
38 subsection (h) exceeds the taxpayer's property tax liability for
39 property taxes first due and payable in 2004, the county auditor
40 shall apply the amount of the excess credit against the taxpayer's
41 property tax liability in each succeeding year until the credit is
42 exhausted. However, the county auditor may refund the
43 remaining credit amount at any time before the credit is
44 exhausted.

45 (k) A taxpayer is not required to file a separate application for
46 the credit allowed under subsection (h).

47 (l) This SECTION expires January 1, 2007.

1 SECTION 17. [EFFECTIVE JULY 1, 2004] **IC 6-3.1-19-3, as**
2 **amended by this act, applies only to taxable years beginning after**
3 **December 31, 2004.**

4 SECTION 18. **An emergency is declared for this act.**
 (Reference is to EHB 1055 as reprinted February 20,2004.)

Conference Committee Report
on
Engrossed House Bill 1055

Signed by:

Representative Mays
Chairperson

Senator Borst

Representative Espich

Senator Simpson

House Conferees

Senate Conferees