

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7008**

**BILL NUMBER:** HB 1393

**NOTE PREPARED:** Jan 9, 2006

**BILL AMENDED:**

**SUBJECT:** Community development financial institutions.

**FIRST AUTHOR:** Rep. Reske

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** Requires the economic development corporation (IEDC) to implement a program to provide financial and technical assistance to: (1) federally certified community development financial institutions (CDFI); (2) Indiana CDFIs; and (3) local CDFIs; that make loans and investments or provide services to targeted investment areas or to targeted low income populations. Authorizes the IEDC to designate entities meeting certain requirements as Indiana CDFIs and to designate counties and municipalities (or foundations established by a county or municipality) meeting certain requirements as local CDFIs. Allows the IEDC to provide grants, loans, and technical assistance to a CDFI, an Indiana CDFI, or a local CDFI for certain purposes related to remedying a lack of adequate access to loans, equity investments, mortgage lending, banking services, or personal financial services of a targeted low income population or in a targeted investment area. Specifies the criteria to be used by the IEDC in determining whether to award a grant or loan or provide technical assistance. Requires the IEDC to serve as a clearinghouse for information relevant to potential incorporators or organizers of CDFIs, Indiana CDFIs, and local CDFIs. Provides that the IEDC may not provide any combination of grants or loans under the program to a single entity that exceeds the greater of 10% of the total assets of the community development financial institutions fund or \$500,000. Authorizes CDFIs, Indiana CDFIs, and local CDFIs to apply for a loan or grant from the microenterprise partnership program fund (fund), and authorizes those entities to establish local investment pools and local opportunity pools under the microenterprise partnership program. Specifies that grants may be made from the fund. Encourages the public employees' retirement fund (PERF) board and the teachers' retirement fund (TRF) board to establish a goal for investment in funds that invest in CDFIs and Indiana CDFIs. Provides that the PERF board and the TRF board are not required to achieve the goals if the boards, exercising financial and fiduciary prudence, determine that sufficient appropriate investments in CDFIs and Indiana CDFIs are not available in Indiana. Establishes the state new markets tax credit for a taxpayer that qualifies for the federal new markets tax credit

administered by the federal Community Development Financial Institutions Fund. Provides that the amount of tax credits allowed may not exceed \$5,000,000 in a state fiscal year.

**Effective Date:** January 1, 2006 (retroactive); July 1, 2006.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869.