

# HOUSE BILL No. 1619

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-7-13.1; IC 36-7.5-4-1; IC 36-7.5-4.5.

**Synopsis:** South Shore sales tax increment district. Provides for a Chicago, South Shore, and South Bend Railway sales tax increment financing corridor that exists through 2045. Provides that 75% of the sales and use taxes collected within the corridor above the amount collected in 2014 is to be allocated to the northwest Indiana regional development authority. Provides that up to 67% of the allocation may be used for project financing and the remainder must be used to provide dollar for dollar matching grants for any eligible municipality or political subdivision that commits to participate in the Westlake corridor improvement project using local income tax revenue to match the grant. Requires the northwest Indiana regional development authority board to approve projects. Requires budget agency findings and approval of projects. Requires annual reports to the state. Requires the office of management and budget to do a review and report in 2030.

**Effective:** January 1, 2016.

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## Slager, Soliday

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January 22, 2015, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

# HOUSE BILL No. 1619



A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.5-7-13.1, AS AMENDED BY P.L.137-2012,  
2 SECTION 99, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2016]: Sec. 13.1. (a) The fiscal officer of each county,  
4 city, or town for a county in which the county economic development  
5 tax is imposed shall establish an economic development income tax  
6 fund. Except as provided in sections 23, 26, 27, 27.5, and 27.6 of this  
7 chapter, the revenue received by a county, city, or town under this  
8 chapter shall be deposited in the unit's economic development income  
9 tax fund.

10 (b) As used in this subsection, "homestead" means a homestead that  
11 is eligible for a standard deduction under IC 6-1.1-12-37. Except as  
12 provided in sections 15, 23, 26, 27, 27.5, and 27.6 of this chapter,  
13 revenues from the county economic development income tax may be  
14 used as follows:

15 (1) By a county, city, or town for economic development projects,



1 for paying, notwithstanding any other law, under a written  
 2 agreement all or a part of the interest owed by a private developer  
 3 or user on a loan extended by a financial institution or other  
 4 lender to the developer or user if the proceeds of the loan are or  
 5 are to be used to finance an economic development project, for  
 6 the retirement of bonds under section 14 of this chapter for  
 7 economic development projects, for leases under section 21 of  
 8 this chapter, or for leases or bonds entered into or issued prior to  
 9 the date the economic development income tax was imposed if  
 10 the purpose of the lease or bonds would have qualified as a  
 11 purpose under this chapter at the time the lease was entered into  
 12 or the bonds were issued.

13 (2) By a county, city, or town for:  
 14 (A) the construction or acquisition of, or remedial action with  
 15 respect to, a capital project for which the unit is empowered to  
 16 issue general obligation bonds or establish a fund under any  
 17 statute listed in IC 6-1.1-18.5-9.8;  
 18 (B) the retirement of bonds issued under any provision of  
 19 Indiana law for a capital project;  
 20 (C) the payment of lease rentals under any statute for a capital  
 21 project;  
 22 (D) contract payments to a nonprofit corporation whose  
 23 primary corporate purpose is to assist government in planning  
 24 and implementing economic development projects;  
 25 (E) operating expenses of a governmental entity that plans or  
 26 implements economic development projects;  
 27 (F) to the extent not otherwise allowed under this chapter,  
 28 funding substance removal or remedial action in a designated  
 29 unit; or  
 30 (G) funding of a revolving fund established under  
 31 IC 5-1-14-14.

32 (3) By a county, city, or town for any lawful purpose for which  
 33 money in any of its other funds may be used.

34 (4) By a city or county described in IC 36-7.5-2-3(b) for making  
 35 transfers required by IC 36-7.5-4-2 **or matching grant awards**  
 36 **under IC 36-7.5-4.5.** If the county economic development  
 37 income tax rate is increased after April 30, 2005, in Porter  
 38 County, the first three million five hundred thousand dollars  
 39 (\$3,500,000) of the tax revenue that results each year from the tax  
 40 rate increase shall be used by the county or by eligible  
 41 municipalities (as defined in IC 36-7.5-1-11.3) in the county only  
 42 to make the county's transfer required by IC 36-7.5-4-2. The first



1 three million five hundred thousand dollars (\$3,500,000) of the  
2 tax revenue that results each year from the tax rate increase shall  
3 be paid by the county treasurer to the treasurer of the northwest  
4 Indiana regional development authority under IC 36-7.5-4-2  
5 before certified distributions are made to the county or any cities  
6 or towns in the county under this chapter from the tax revenue  
7 that results each year from the tax rate increase. If Porter County  
8 ceases to be a member of the northwest Indiana regional  
9 development authority under IC 36-7.5 but two (2) or more  
10 municipalities in the county have become members of the  
11 northwest Indiana regional development authority as authorized  
12 by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer  
13 the three million five hundred thousand dollars (\$3,500,000) to  
14 the treasurer of the northwest Indiana regional development  
15 authority under IC 36-7.5-4-2 before certified distributions are  
16 made to the county or any cities or towns in the county. In Porter  
17 County, all of the tax revenue that results each year from the tax  
18 rate increase that is in excess of the first three million five  
19 hundred thousand dollars (\$3,500,000) that results each year from  
20 the tax rate increase must be used by the county and cities and  
21 towns in the county for homestead credits under subdivision (5).  
22 (5) This subdivision applies only in Porter County. All of the tax  
23 revenue that results each year from a tax rate increase described  
24 in subdivision (4) that is in excess of the first three million five  
25 hundred thousand dollars (\$3,500,000) that results each year from  
26 the tax rate increase must be used by the county and cities and  
27 towns in the county for homestead credits under this subdivision.  
28 The following apply to homestead credits provided under this  
29 subdivision:

30 (A) The homestead credits must be applied uniformly to  
31 provide a homestead credit for homesteads in the county, city,  
32 or town.

33 (B) The homestead credits shall be treated for all purposes as  
34 property tax levies.

35 (C) The homestead credits shall be applied to the net property  
36 taxes due on the homestead after the application of all other  
37 assessed value deductions or property tax deductions and  
38 credits that apply to the amount owed under IC 6-1.1.

39 (D) The department of local government finance shall  
40 determine the homestead credit percentage for a particular  
41 year based on the amount of county economic development  
42 income tax revenue that will be used under this subdivision to



- 1 provide homestead credits in that year.
- 2 (6) This subdivision applies only in Lake County. The county or  
3 a city or town in the county may use county economic  
4 development income tax revenue to provide homestead credits in  
5 the county, city, or town. The following apply to homestead  
6 credits provided under this subdivision:
- 7 (A) The county, city, or town fiscal body must adopt an  
8 ordinance authorizing the homestead credits. The ordinance  
9 must specify the amount of county economic development  
10 income tax revenue that will be used to provide homestead  
11 credits in the following year.
- 12 (B) The county, city, or town fiscal body that adopts an  
13 ordinance under this subdivision must forward a copy of the  
14 ordinance to the county auditor and the department of local  
15 government finance not more than thirty (30) days after the  
16 ordinance is adopted.
- 17 (C) The homestead credits must be applied uniformly to  
18 increase the homestead credit under IC 6-1.1-20.9 (repealed)  
19 for homesteads in the county, city, or town (for property taxes  
20 first due and payable before January 1, 2009) or to provide a  
21 homestead credit for homesteads in the county, city, or town  
22 (for property taxes first due and payable after December 31,  
23 2008).
- 24 (D) The homestead credits shall be treated for all purposes as  
25 property tax levies.
- 26 (E) The homestead credits shall be applied to the net property  
27 taxes due on the homestead after the application of all other  
28 assessed value deductions or property tax deductions and  
29 credits that apply to the amount owed under IC 6-1.1.
- 30 (F) The department of local government finance shall  
31 determine the homestead credit percentage for a particular  
32 year based on the amount of county economic development  
33 income tax revenue that will be used under this subdivision to  
34 provide homestead credits in that year.
- 35 (7) For a regional venture capital fund established under section  
36 13.5 of this chapter or a local venture capital fund established  
37 under section 13.6 of this chapter.
- 38 (8) This subdivision applies only to LaPorte County, if:
- 39 (A) the county fiscal body has adopted an ordinance under  
40 IC 36-7.5-2-3(e) providing that the county is joining the  
41 northwest Indiana regional development authority; and  
42 (B) the fiscal body of the city described in IC 36-7.5-2-3(e) has



1           adopted an ordinance under IC 36-7.5-2-3(e) providing that  
2           the city is joining the development authority.  
3           Revenue from the county economic development income tax may  
4           be used by a county or a city described in this subdivision for  
5           making transfers required by IC 36-7.5-4-2. In addition, if the  
6           county economic development income tax rate is increased after  
7           June 30, 2006, in the county, the first three million five hundred  
8           thousand dollars (\$3,500,000) of the tax revenue that results each  
9           year from the tax rate increase shall be used by the county only to  
10          make the county's transfer required by IC 36-7.5-4-2. The first  
11          three million five hundred thousand dollars (\$3,500,000) of the  
12          tax revenue that results each year from the tax rate increase shall  
13          be paid by the county treasurer to the treasurer of the northwest  
14          Indiana regional development authority under IC 36-7.5-4-2  
15          before certified distributions are made to the county or any cities  
16          or towns in the county under this chapter from the tax revenue  
17          that results each year from the tax rate increase. All of the tax  
18          revenue that results each year from the tax rate increase that is in  
19          excess of the first three million five hundred thousand dollars  
20          (\$3,500,000) that results each year from the tax rate increase must  
21          be used by the county and cities and towns in the county for  
22          homestead credits under subdivision (9).  
23          (9) This subdivision applies only to LaPorte County. All of the tax  
24          revenue that results each year from a tax rate increase described  
25          in subdivision (8) that is in excess of the first three million five  
26          hundred thousand dollars (\$3,500,000) that results each year from  
27          the tax rate increase must be used by the county and cities and  
28          towns in the county for homestead credits under this subdivision.  
29          The following apply to homestead credits provided under this  
30          subdivision:  
31                (A) The homestead credits must be applied uniformly to  
32                provide a homestead credit for homesteads in the county, city,  
33                or town.  
34                (B) The homestead credits shall be treated for all purposes as  
35                property tax levies.  
36                (C) The homestead credits shall be applied to the net property  
37                taxes due on the homestead after the application of all other  
38                assessed value deductions or property tax deductions and  
39                credits that apply to the amount owed under IC 6-1.1.  
40                (D) The department of local government finance shall  
41                determine the homestead credit percentage for a particular  
42                year based on the amount of county economic development



1 income tax revenue that will be used under this subdivision to  
 2 provide homestead credits in that year.

3 (c) As used in this section, an economic development project is any  
 4 project that:

- 5 (1) the county, city, or town determines will:  
 6 (A) promote significant opportunities for the gainful  
 7 employment of its citizens;  
 8 (B) attract a major new business enterprise to the unit; or  
 9 (C) retain or expand a significant business enterprise within  
 10 the unit; and  
 11 (2) involves an expenditure for:  
 12 (A) the acquisition of land;  
 13 (B) interests in land;  
 14 (C) site improvements;  
 15 (D) infrastructure improvements;  
 16 (E) buildings;  
 17 (F) structures;  
 18 (G) rehabilitation, renovation, and enlargement of buildings  
 19 and structures;  
 20 (H) machinery;  
 21 (I) equipment;  
 22 (J) furnishings;  
 23 (K) facilities;  
 24 (L) administrative expenses associated with such a project,  
 25 including contract payments authorized under subsection  
 26 (b)(2)(D);  
 27 (M) operating expenses authorized under subsection (b)(2)(E);  
 28 or  
 29 (N) to the extent not otherwise allowed under this chapter,  
 30 substance removal or remedial action in a designated unit;  
 31 or any combination of these.

32 (d) If there are bonds outstanding that have been issued under  
 33 section 14 of this chapter or leases in effect under section 21 of this  
 34 chapter, the county or a city or town may not expend money from its  
 35 economic development income tax fund for a purpose authorized under  
 36 subsection (b)(3) in a manner that would adversely affect owners of the  
 37 outstanding bonds or payment of any lease rentals due.

38 SECTION 2. IC 36-7.5-4-1, AS AMENDED BY P.L.182-2009(ss),  
 39 SECTION 425, IS AMENDED TO READ AS FOLLOWS  
 40 [EFFECTIVE JANUARY 1, 2016]: Sec. 1. (a) The development board  
 41 shall establish and administer a development authority fund.

42 (b) The development authority fund consists of the following:



- 1 (1) Riverboat admissions tax revenue, riverboat wagering tax  
 2 revenue, or riverboat incentive payments received by a city or  
 3 county described in IC 36-7.5-2-3(b) and transferred by the  
 4 county or city to the fund.
- 5 (2) County economic development income tax revenue received  
 6 under IC 6-3.5-7 by a county or city and transferred by the county  
 7 or city to the fund.
- 8 (3) Amounts distributed under IC 8-15-2-14.7.
- 9 (4) Food and beverage tax revenue deposited in the fund under  
 10 IC 6-9-36-8.
- 11 (5) Funds received from the federal government.
- 12 (6) Appropriations to the fund by the general assembly.
- 13 (7) Other local revenue appropriated to the fund by a political  
 14 subdivision.
- 15 **(8) Amounts transferred to the fund under IC 36-7.5-4.5.**
- 16 ~~(8)~~ **(9)** Gifts, donations, and grants to the fund.
- 17 (c) The development authority shall establish a development  
 18 authority fund. The development board shall establish and administer  
 19 a general account, a lease rental account, and such other accounts in the  
 20 fund as are necessary or appropriate to carry out the powers and duties  
 21 of the development authority. Except as otherwise provided by law or  
 22 agreement with holders of any obligations of the development  
 23 authority, all money transferred to the development authority fund  
 24 under subsection (b)(1), (b)(2), and (b)(4) shall be deposited in the  
 25 lease rental account and used only for the payment of or to secure the  
 26 payment of obligations of an eligible political subdivision under a lease  
 27 entered into by an eligible political subdivision and the development  
 28 authority under this chapter. However, any money deposited in the  
 29 lease rental account and not used for the purposes of this subsection  
 30 shall be returned by the treasurer of the development authority to the  
 31 respective counties and cities that contributed the money to the  
 32 development authority.
- 33 (d) If the amount of money transferred to the development authority  
 34 fund under subsection (b)(1), (b)(2), and (b)(4) for deposit in the lease  
 35 rental account in any one (1) calendar year is greater than an amount  
 36 equal to:
- 37 (1) one and twenty-five hundredths (1.25); multiplied by  
 38 (2) the total of the highest annual debt service on any bonds then  
 39 outstanding to their final maturity date, which have been issued  
 40 under this article and are not secured by a lease, plus the highest  
 41 annual lease payments on any leases to their final maturity, which  
 42 are then in effect under this article;



1 all or a portion of the excess may instead be deposited in the general  
2 account.

3 (e) Except as otherwise provided by law or agreement with the  
4 holders of obligations of the development authority, all other money  
5 and revenues of the development authority may be deposited in the  
6 general account or the lease rental account at the discretion of the  
7 development board. Money on deposit in the lease rental account may  
8 be used only to make rental payments on leases entered into by the  
9 development authority under this article. Money on deposit in the  
10 general account may be used for any purpose authorized by this article.

11 (f) The development authority fund shall be administered by the  
12 development authority.

13 (g) Money in the development authority fund shall be used by the  
14 development authority to carry out this article and does not revert to  
15 any other fund.

16 SECTION 3. IC 36-7.5-4.5 IS ADDED TO THE INDIANA CODE  
17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
18 JANUARY 1, 2016]:

19 **Chapter 4.5. Rail Transit Development Corridor**

20 **Sec. 1. As used in this chapter, "budget agency" means the**  
21 **budget agency established by IC 4-12-1-3.**

22 **Sec. 2. As used in this chapter, "budget committee" means the**  
23 **budget committee established by IC 4-12-1-3.**

24 **Sec. 3. As used in this chapter, "corridor" means the geographic**  
25 **area established as a rail transit development corridor by this**  
26 **chapter.**

27 **Sec. 4. As used in this chapter, "department" refers to the**  
28 **department of state revenue.**

29 **Sec. 5. As used in this chapter, "gross retail base period**  
30 **amount" means the aggregate amount of state gross retail and use**  
31 **taxes remitted under IC 6-2.5 by a taxpayer during the full**  
32 **calendar year of 2014 with respect to the taxpayer's operations in**  
33 **the corridor.**

34 **Sec. 6. As used in this chapter, "gross retail incremental**  
35 **amount" means seventy-five percent (75%) of the remainder of:**

36 **(1) the aggregate amount of state gross retail and use taxes**  
37 **that are remitted under IC 6-2.5 by a taxpayer during a**  
38 **calendar year with respect to the taxpayer's operations in the**  
39 **corridor; minus**

40 **(2) the gross retail base period amount.**

41 **Sec. 7. As used in this chapter, "project" includes only projects**  
42 **that are within the corridor.**



1           **Sec. 8. (a) There is created a rail transit development corridor**  
2 **that consists of the geographic area that is within five tenths (0.5)**  
3 **of a mile of the following rail lines that are a part of the Chicago,**  
4 **South Shore, and South Bend Railroad:**

5           **(1) The Chicago to South Bend line.**

6           **(2) The Hammond to Dyer line.**

7           **(b) The corridor terminates December 31, 2045.**

8           **Sec. 9. (a) The development board may undertake projects using**  
9 **revenue received under this chapter by adopting an authorizing**  
10 **resolution under IC 36-7.5-3. The authorizing resolution shall be**  
11 **transmitted to the budget agency for approval and must include a**  
12 **map of the corridor along with the list required under section 13**  
13 **of this chapter. The budget agency shall review, and may amend if**  
14 **necessary, the corridor map or list as necessary to comply with this**  
15 **chapter.**

16           **(b) To receive revenue under this chapter, the development**  
17 **board must adopt a resolution under IC 36-7.5-3 setting forth the**  
18 **development board's approval of projects to be funded using the**  
19 **revenue. Upon adoption by the development board of such a**  
20 **resolution, the development board shall submit the resolution to**  
21 **the budget agency.**

22           **(c) The budget agency, after review by the budget committee,**  
23 **shall approve the resolution providing for the project if the budget**  
24 **agency finds that the project is economically sound and will benefit**  
25 **the people of northwest Indiana by protecting or increasing state**  
26 **and local tax bases and tax revenues for at least the duration of the**  
27 **corridor.**

28           **Sec. 10. (a) If an authorizing resolution and a project resolution**  
29 **have both been approved by the budget agency, the development**  
30 **authority shall establish a rail transit development corridor fund.**  
31 **The fund shall be administered by the development authority.**

32           **(b) The development authority shall deposit amounts received**  
33 **under this chapter in the fund and segregate the money as follows:**

34           **(1) Not more than sixty-seven percent (67%) of the revenue**  
35 **received may be credited to a project financing account.**

36           **(2) The remainder of the revenue shall be credited to a project**  
37 **matching grant account.**

38           **(c) The development board may use the money in the project**  
39 **financing account for financing projects that are approved by the**  
40 **budget agency.**

41           **(d) The development board shall use the money in the project**  
42 **matching grant account only to make dollar for dollar matching**



1 grants to any eligible municipality or eligible political subdivision  
 2 that participates in the Westlake corridor improvement project  
 3 through the commitment of a matching contribution to the project  
 4 from an ongoing percentage of its county economic development  
 5 income tax under IC 6-3.5-7. The amount of any grant may not  
 6 exceed the recipient's share of the revenue for a year based on the  
 7 pro rata share of the incremental gross retail amount that is  
 8 attributable to taxpayers located in the geographic territory of the  
 9 recipient. Any money in the project matching grant account at the  
 10 expiration of the corridor shall be transferred to grant recipients  
 11 based on the recipient's share of the total contributions under  
 12 IC 6-3.5-7 minus grants received by the recipient.

13 (d) On the date that all bonds issued by the development  
 14 authority using revenues under this chapter are no longer deemed  
 15 outstanding and all expenses incurred by the development  
 16 authority in connection with the exercise of the development  
 17 authority's duties and obligations set forth in this chapter have  
 18 been paid, all money then remaining on deposit in the project  
 19 financing account shall be transferred to the development  
 20 authority fund established under IC 36-7.5-4-1.

21 Sec. 11. (a) Before the first business day in November of each  
 22 year, beginning in 2016, the department shall determine the gross  
 23 retail incremental amount for the preceding calendar year and  
 24 notify the development authority and the budget agency of the  
 25 gross retail incremental amount.

26 (b) The auditor of state shall disburse the gross retail increment  
 27 amount for the preceding year to the development authority before  
 28 November 30 of each year.

29 Sec. 12. All expenses incurred in carrying out the provisions of  
 30 this chapter shall be payable solely from revenue received under  
 31 this chapter or from the proceeds of bonds issued by the  
 32 development authority payable from revenues received under this  
 33 chapter. A liability or obligation may not be incurred by the  
 34 development authority beyond the revenue to be received under  
 35 this chapter.

36 Sec. 13. (a) The development authority shall provide to the  
 37 department in an electronic format approved by the department a  
 38 complete list of the following:

- 39 (1) Vendors with a responsibility to remit gross retail taxes in  
 40 the transit development corridor.
- 41 (2) Street names and the range of street numbers of each  
 42 street in the transit development corridor.



1       **The development authority shall update the list prepared under**  
 2       **subsection (a) before July 1 of each year.**

3       **(b) Vendors operating in the district shall report, in the manner**  
 4       **and in the form prescribed by the department, information that the**  
 5       **department determines necessary to calculate incremental gross**  
 6       **retail and use taxes.**

7       **(c) At the request of the department, the development authority**  
 8       **and any political subdivision in which all or a part of the transit**  
 9       **development corridor is located shall disclose to the department**  
 10       **the names of the vendors described in subsection (a) and such other**  
 11       **information that may assist in the determination of the gross retail**  
 12       **incremental amounts.**

13       **(d) At the request of the department, a political subdivision in**  
 14       **which the corridor is located shall provide to the department**  
 15       **information requested by the department concerning permits**  
 16       **issued by the political subdivision to vendors operating within the**  
 17       **corridor.**

18       **(e) If the department is unable to determine the extent to which**  
 19       **taxes remitted by a taxpayer are gross retail incremental amounts**  
 20       **for purposes of this chapter, the department shall use the best**  
 21       **information available in calculating the incremental amounts.**

22       **(f) The department shall adopt guidelines to govern its**  
 23       **responsibilities under this chapter.**

24       **(g) It is the intent of this section to identify all gross retail and**  
 25       **use taxes collected in the corridor. This section shall be broadly**  
 26       **construed by the department to achieve the purposes of this**  
 27       **chapter.**

28       **Sec. 14. The office of management and budget shall in 2030 do**  
 29       **the following:**

30       **(1) Conduct a review of:**

31               **(A) the financed and grant projects undertaken under this**  
 32               **chapter;**

33               **(B) the amount of the gross retail incremental amounts**  
 34               **remitted for purposes of this chapter; and**

35               **(C) the amount and terms of outstanding debt issued by the**  
 36               **authority under this chapter.**

37       **(2) Before November 1, 2030, submit a copy of the review**  
 38       **conducted under subdivision (1) to the budget committee and**  
 39       **to the legislative council in an electronic format under**  
 40       **IC 5-14-6.**

