

IDD

Innovation Development Districts

DESCRIPTION

An Innovation Development District (IDD) is a designated geographical area that is designed to capture certain incremental tax revenues to assist in the creation and support of transformative, advanced industry business investment within the Indiana. An IDD designation authorizes the capture of specified state and local incremental tax revenues which may be invested in support of the IDD business and assist in the growth of the state's high-technology economy.

DESIGNATION OF AN IDD

If the IEDC determines, after notifying and collaborating with the executive of the units where the project will be located, the IEDC may designate a geographical area as an IDD.

For projects that contemplate a proposed capital investment of less than \$2 billion, the executive of the local unit must consent to the designation of an IDD and execute an agreement with the IEDC outlining:

- » The boundaries of the IDD
- » The proposed use of the incremental revenue captured by the district as outlined in the agreement
- » The amount of property tax increment that will be transferred to the city, town, county, or school corporations with territory within the IDD.

For Projects that contemplate a proposed capital investment of at least \$2 billion, the IEDC may designate an IDD without an agreement with the executive unit(s) contemplated for the district.

The IEDC and the executive may still execute an agreement defining the terms of the IDD designation. If no agreement is executed, the IEDC must transfer 12% of all property tax increment generated within the IDD to the (i) city, town, or county, and (ii) the school district that serves the IDD location. This increment is distributed proportionally across the recipient units.

Any funds transferred to the local unit or school corporation are to be deposited into the entity's general fund for the use at their discretion.

CALCULATION OF INCREMENT CAPTURED BY AN IDD:

An IDD may capture all incremental state sales and income tax, as well as real and personal property tax growth during the term of the designation.

For state sales and income taxes, at the time the IDD is designated by the IEDC, the Indiana Department of Revenue (DOR) shall establish the sales and income tax base amount. By October 1 of each year, DOR shall calculate the incremental revenue growth within the IDD and transfer that amount to the IEDC.

For real and personal property taxes, after designation, the executive of the unit shall establish an allocation area and establish the property tax base amount at that time. The county assessor shall transfer the incremental property tax revenue to the IEDC within thirty days of receiving the payment from the taxpayer.

ELIGIBLE USES OF IDD REVENUE:

Use of money in an IDD fund can be invested in

- » The acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of public facilities, including but not limited to utilities and transportation infrastructure.
- » The operation of public facilities.
- » The acquisition of land within the innovation development district.
- » The recruitment of new businesses and new employees to the innovation development district.
- » The training of individuals employed in the innovation development district.