

IDD

Innovation Development Districts

DESCRIPTION

An Innovation Development District (IDD) is a unique tool created to support the attraction and expansion of transformational, advanced industry businesses within the state. Designation as an IDD allows for the capture of certain state and local incremental tax revenues which can be invested in support of the IDD and 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 within the unit 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 and execute an agreement with the IEDC outlining

- » The boundaries of the IDD
- » The proposed use of the incremental revenue captured by the
- » The amount of property tax increment that will be transferred to the city, town, county, or school corporations with territory within the IDD
- » Construction management and demolition costs
- » Costs directly associated with the redevelopment or rehabilitation of property
- » FF&E, if nonmovable
- » Permitting costs directly related to redevelopment or rehabilitation

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.

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 increments to the city, town, or county.

Any funds transferred to the local unit or school corporation are to be deposited into the entity's general or operation fund.

CALCULATION OF INCREMENT CAPTURED BY AN IDD:

An IDD may capture all incremental sales, state income, and property tax revenue 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. Each year, the county assessor shall transfer the incremental property tax revenue to the IEDC.

ELIGIBLE USES OF IDD REVENUE:

Use of money in a local IDD fund:

- » The same use as a local IDD fund
- » Acquisition and improvement of other property
- » Costs associated with creating new IDDs
- » For the creation and operation of public private partnerships
- » To stimulate investments in entrepreneurial or high-growth companies in the state
- » Workforce training

Only state sales and income tax revenues may be transferred from a local IDD fund to the statewide IDD fund.