



February 3, 2025

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## HOUSE BILL No. 1223

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DIGEST OF HB 1223 (Updated February 3, 2025 12:47 pm - DI 107)

**Citations Affected:** IC 5-33; IC 6-2.5; IC 36-7.

**Synopsis:** Tourism development projects. Establishes a program administered by the Indiana destination development corporation (IDDC) to provide an incentive for tourism development projects in the form of a sales tax rebate available to businesses that are able to satisfy the requirements needed to enter into an agreement with the IDDC with respect to specified tourism development projects. Sets forth the: (1) types of tourism development projects that may qualify for the incentive; (2) approval process to receive the incentive; and (3) required elements of the agreement between the board of the IDDC and a business approved for the incentive. Specifies the manner in which a business may claim the incentive. Requires the board of the IDDC, in negotiating the approved costs in a tourism development project agreement with an approved company, to collaborate with the executive of a county, city, or town to establish a maximum amount of approved costs. Provides that a person may circulate a petition to  
(Continued next page)

**Effective:** July 1, 2025.

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## Karickhoff, Baird, Rowray, Harris

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January 9, 2025, read first time and referred to Committee on Government and Regulatory Reform.

February 3, 2025, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 126.3.

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HB 1223—LS 7092/DI 129



## Digest Continued

create a tourism improvement district (district) within the territory of a county, city, or town. Specifies the contents of the tourism improvement district plan that must be filed with a petition to establish a district. Provides that the legislative body of the county, city, or town may require in the district plan of a tourism development district that the boundaries of the district be drawn to: (1) exclude businesses; or (2) prevent overlap of the district with another area or district in which a special assessment is imposed. Excludes from inclusion within a district: (1) property that receives a homestead standard deduction; (2) property used for single family residential housing; and (3) property used for multi-unit residential housing. Provides that owners of businesses located within a district may be charged a special assessment to fund improvements and other district activities. Provides that, after a hearing on a petition to establish a district, a county, city, or town legislative body may adopt the ordinance establishing the district only if it determines that the petition has been signed by: (1) at least 50% of the owners of businesses within the proposed district; or (2) the owners of businesses within the proposed district that constitute more than 50% of the revenue to be collected from the assessments. Specifies the contents of the ordinance establishing a district and the length of time for which a district may exist. Allows a district to issue bonds. Requires the county, city, or town legislative body to contract with a nonprofit district management association to administer and implement the district's activities and improvements.

**HB 1223—LS 7092/DI 129**



February 3, 2025

First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

## HOUSE BILL No. 1223

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A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

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

1 SECTION 1. IC 5-33-5-3, AS ADDED BY P.L. 78-2019, SECTION  
2 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
3 2025]: Sec. 3. (a) Subject to approval by the budget agency, the  
4 corporation may, without the approval of the attorney general, employ  
5 legal counsel, technical experts (**including consultants under**  
6 **IC 5-33-7-13**), and other officers, agents, and employees, permanent  
7 or temporary, the corporation considers necessary to carry out the  
8 efficient operation of the corporation.

9 (b) Subject to approval by the budget agency, the corporation may  
10 enter into contracts without the approval of the attorney general.

11 SECTION 2. IC 5-33-7 IS ADDED TO THE INDIANA CODE AS  
12 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
13 1, 2025]:

14 **Chapter 7. Tourism Development Projects**  
15 **Sec. 0.5. (a) The provision of incentives under this chapter to**

HB 1223—LS 7092/DI 129



1 develop tourism is a proper governmental and public purpose for  
 2 which public funds may be expended. The development of tourism  
 3 promotes the general welfare and material well-being of the  
 4 citizens of Indiana and it is in the best interest of Indiana to  
 5 provide incentives for:

- 6 (1) the creation of new tourism attractions; and
- 7 (2) the expansion of existing tourism attractions within  
 8 Indiana;

9 in order to advance the public purposes of relieving unemployment  
 10 by preserving and creating jobs that would not exist if not for the  
 11 incentives offered by the board to approved companies, and by  
 12 preserving and creating sources of tax revenues for the support of  
 13 public services provided by the state.

14 (b) The provision of incentives under this chapter shall be  
 15 liberally construed and applied in order to advance the public  
 16 purposes described in subsection (a).

17 **Sec. 1. The following definitions apply throughout this chapter:**

18 (1) "Agreement" means a tourism development project  
 19 agreement entered into between the board and an approved  
 20 company under section 15 of this chapter.

21 (2) "Approved company" means any eligible company that  
 22 has received final approval to claim the incentive provided  
 23 under section 10 of this chapter.

24 (3) "Approved costs" means the amount of eligible costs  
 25 approved by the board upon completion of the tourism  
 26 development project.

27 (4) "Budget agency" means the budget agency created by  
 28 IC 4-12-1-3.

29 (5) "Eligible company" means any corporation, limited  
 30 liability company, partnership, limited partnership, sole  
 31 proprietorship, business trust, or any other entity operating  
 32 or intending to operate a tourism development project.

33 (6) "Eligible costs" means the following:

34 (A) Obligations incurred for labor and amounts paid to  
 35 vendors, contractors, subcontractors, builders, suppliers,  
 36 delivery persons, and materialmen in connection with the  
 37 acquisition, construction, equipping, and installation of a  
 38 tourism development project.

39 (B) The costs of acquiring real property or rights,  
 40 including the acquisition of real property by a leasehold  
 41 interest with a minimum term of ten (10) years, and any  
 42 costs incidental to costs allowed under this clause.



- 1           **(C) The cost of performance bonds and of insurance of all**  
 2           **kinds that may be required or necessary during the course**  
 3           **of the acquisition, construction, equipping, and installation**  
 4           **of a tourism development project that is not paid by the**  
 5           **vendor, supplier, delivery person, contractor, or otherwise**  
 6           **provided.**
- 7           **(D) All costs of architectural, engineering, and**  
 8           **environmental services, including estimates, plans and**  
 9           **specifications, preliminary investigations, supervision of**  
 10           **construction and installation, and for the performance of**  
 11           **all the duties required by or consequent to the acquisition,**  
 12           **construction, equipping, installation, and remediation of a**  
 13           **tourism development project.**
- 14           **(E) All costs required to be paid under the terms of any**  
 15           **contract for the acquisition, construction, equipping,**  
 16           **installation, and remediation of a tourism development**  
 17           **project.**
- 18           **(F) All costs required for the installation of utilities,**  
 19           **including water, sewer, sewer treatment, gas, electricity**  
 20           **and communications, and including offsite construction of**  
 21           **the facilities paid for by the approved company.**
- 22           **(G) All other costs comparable with those described in this**  
 23           **subdivision.**
- 24           **(7) "Entertainment destination center project" means a**  
 25           **facility that meets the requirements of section 4 of this**  
 26           **chapter.**
- 27           **(8) "Final approval" means the action taken by the board**  
 28           **authorizing the eligible company to receive incentives under**  
 29           **this chapter and IC 6-2.5-16.**
- 30           **(9) "Full service lodging facility" means a facility that**  
 31           **provides overnight sleeping accommodations, including**  
 32           **private bathrooms and all of the following:**
- 33               **(A) On-site dining facilities.**  
 34               **(B) Room service.**  
 35               **(C) Catering.**  
 36               **(D) Meeting space.**
- 37           **(10) "Incentive" means the Indiana sales tax rebate as**  
 38           **prescribed in IC 6-2.5-16.**
- 39           **(11) "Indiana sales tax" means the state gross retail tax**  
 40           **imposed under IC 6-2.5-2-1.**
- 41           **(12) "Lodging facility project" means a full service lodging**  
 42           **facility that satisfies at least one (1) of the following**



1 **conditions:**

2 (A) The full service lodging facility is located on  
3 recreational property owned or leased by the state or the  
4 federal government.

5 (B) The full service lodging facility involves the restoration  
6 or rehabilitation of a structure that is listed individually on  
7 the National Register of Historic Places or that is located  
8 in a National Register Historic District.

9 (C) The full service lodging facility an integral part of a  
10 major convention center or sports facility.

11 (D) The full service lodging facility is located within a fifty  
12 (50) mile radius of a property listed on the National  
13 Register of Historic Places with a current function of  
14 recreation and culture.

15 (E) The full service lodging facility is part of a tourism  
16 attraction project, entertainment destination center  
17 project, or theme restaurant destination attraction project  
18 and the full service lodging facility represents less than  
19 fifty percent (50%) of the total eligible costs.

20 (13) "Net positive fiscal impact" means the amount by which  
21 increased state tax revenues will exceed the incentives  
22 provided under this chapter.

23 (14) "Preliminary approval" means the action taken by the  
24 board conditionally approving an eligible company for the  
25 incentives under this chapter and IC 6-2.5-16.

26 (15) "Recreational facility" means a structure or outdoor  
27 area that:

28 (A) provides visitors recreational opportunities, including  
29 amusement parks, boating, hiking, horseback riding,  
30 hunting, fishing, camping, wildlife viewing, live theater,  
31 rock climbing, and all-terrain vehicle trails; and

32 (B) serves as a likely destination where individuals who are  
33 not residents of Indiana would remain overnight in  
34 commercial lodging at or near the recreational facility.

35 (16) "Theme restaurant destination attraction project" means  
36 a restaurant facility that meets the requirements for  
37 incentives under section 5 of this chapter.

38 (17) "Tourism attraction project" means any of the following:

39 (A) A cultural or historical site.

40 (B) A recreational facility.

41 (C) An entertainment facility.

42 (D) An area of natural phenomenon or scenic beauty.



1           **The term does not include facilities that are primarily devoted**  
 2           **to the retail sale of goods, or a tourism attraction where the**  
 3           **sale of goods is a secondary and subordinate component of the**  
 4           **attraction.**

5           **(18) "Tourism development project" means any of the**  
 6           **following:**

7                   **(A) A tourism attraction project.**

8                   **(B) A theme restaurant destination attraction project.**

9                   **(C) An entertainment destination center project.**

10                   **(D) A lodging facility project.**

11           **Sec. 2. An eligible company that seeks to qualify for the**  
 12           **incentives provided under this chapter and IC 6-2.5-16 must:**

13                   **(1) satisfy all requirements applicable to the tourism**  
 14                   **development project under sections 3 through 6 of this**  
 15                   **chapter;**

16                   **(2) apply for an incentive under section 12 of this chapter;**

17                   **(3) satisfy all requirements pertaining to preliminary**  
 18                   **approval and final approval under sections 13 and 14 of this**  
 19                   **chapter; and**

20                   **(4) enter into an agreement with the board under section 15**  
 21                   **of this chapter.**

22           **Sec. 3. In the case of an eligible company that seeks to develop**  
 23           **a tourism attraction project, the eligible company must satisfy each**  
 24           **of the following requirements:**

25                   **(1) The total eligible costs must exceed one million dollars**  
 26                   **(\$1,000,000).**

27                   **(2) In any year, including the first year of operation, the**  
 28                   **tourism attraction project must be open to the public for at**  
 29                   **least one hundred (100) days.**

30                   **(3) In any year following the third year of operation, the**  
 31                   **tourism attraction project must attract at least twenty-five**  
 32                   **percent (25%) of its visitors from among persons who are not**  
 33                   **residents of Indiana.**

34           **Sec. 4. In the case of an eligible company that seeks to develop**  
 35           **an entertainment destination center project, the eligible company**  
 36           **must satisfy each of the following requirements:**

37                   **(1) The total eligible costs must exceed five million dollars**  
 38                   **(\$5,000,000).**

39                   **(2) The incentives must be dedicated to a public infrastructure**  
 40                   **purpose that must relate to the entertainment destination**  
 41                   **center project.**

42                   **(3) In any year, including the first year of operation, the**



1 entertainment destination center project must satisfy each of  
2 the following conditions:

3 (A) The entertainment destination center project must be  
4 open to the public at least one hundred (100) days per year.

5 (B) The entertainment destination center project must  
6 maintain at least one (1) major theme restaurant and at  
7 least three (3) additional entertainment venues, including  
8 live entertainment, multiplex theaters, large format  
9 theaters, motion simulators, family entertainment centers,  
10 concert halls, virtual reality or other interactive games,  
11 museums, exhibitions, or other cultural and leisure time  
12 activities.

13 (C) The entertainment center destination project must  
14 maintain a minimum occupancy of sixty percent (60%) of  
15 the total gross area available for lease with entertainment  
16 and food and drink options not including the retail sale of  
17 tangible personal property.

18 (D) In any year following the third year of operation, the  
19 entertainment destination center project must attract at  
20 least twenty-five percent (25%) of its visitors from among  
21 persons who are not residents of Indiana.

22 **Sec. 5. In the case of an eligible company that seeks to develop  
23 a theme restaurant destination attraction project, the eligible  
24 company must satisfy each of the following requirements:**

25 (1) The total eligible costs must exceed four million dollars  
26 (\$4,000,000).

27 (2) In any year, including the first year of operation, the  
28 attraction must:

29 (A) be open to the public at least three hundred (300) days  
30 per year and for at least eight (8) hours per day; and

31 (B) generate not more than sixty percent (60%) of its  
32 revenue through the sale of alcoholic beverages.

33 (3) In any year following the third year of operation, the  
34 theme restaurant destination attraction project must attract  
35 a minimum of twenty-five percent (25%) of its visitors from  
36 among persons who are not residents of Indiana.

37 (4) The theme restaurant destination attraction project must  
38 also satisfy at least one (1) of the following conditions:

39 (A) At the time of final approval, offer a unique dining  
40 experience that is not available in Indiana within a one  
41 hundred (100) mile radius of the attraction.

42 (B) In any year, including the first year of operation,





1           **maintain seating capacity of four hundred fifty (450)**  
 2           **guests and offer live music or live musical and theatrical**  
 3           **entertainment during the peak business hours that the**  
 4           **facility is in operation and open to the public.**

5           **(C) Within three (3) years of the completion date, the**  
 6           **attraction must obtain a top two (2) tier rating by a**  
 7           **nationally accredited service and maintain a top two (2)**  
 8           **tier rating through the term of the agreement.**

9           **Sec. 6. (a) In the case of an eligible company that seeks to**  
 10          **develop a lodging facility project (other than a lodging facility**  
 11          **project described in subsection (b)), the eligible company must**  
 12          **satisfy each of the following requirements:**

13           **(1) The eligible costs must exceed five million dollars**  
 14           **(\$5,000,000).**

15           **(2) In any year, including the first year of operation, the**  
 16           **lodging facility project must:**

17           **(A) be open to the public at least one hundred (100) days;**  
 18           **and**

19           **(B) attract at least twenty-five percent (25%) of its visitors**  
 20           **from among persons who are not residents of Indiana.**

21          **(b) In the case of an eligible company that seeks to develop a**  
 22          **lodging facility project that is an integral part of a major**  
 23          **convention or sports facility, the eligible company must satisfy each**  
 24          **of the following requirements:**

25           **(1) The eligible costs must exceed six million dollars**  
 26           **(\$6,000,000).**

27           **(2) In any year, including the first year of operation, the**  
 28           **lodging facility project must:**

29           **(A) be open to the public at least one hundred (100) days;**  
 30           **and**

31           **(B) attract at least twenty-five percent (25%) of its visitors**  
 32           **from among persons who are not residents of Indiana.**

33          **Sec. 7. An expansion of any tourism development project**  
 34          **described in sections 3 through 6 of this chapter shall in all cases**  
 35          **be treated as a new stand-alone project.**

36          **Sec. 8. For all tourism development projects, except those**  
 37          **projects described in section 9 of this chapter, an approved**  
 38          **company may be granted a sales tax incentive based on the Indiana**  
 39          **sales tax imposed on sales generated by or arising at the tourism**  
 40          **development project that:**

41           **(1) may be claimed over a period of ten (10) years; and**

42           **(2) may not exceed the lesser of:**



- 1 (A) the total amount of the sales tax liability of the  
 2 approved company and its lessees; or  
 3 (B) a percentage of the approved costs as specified by the  
 4 agreement but not more than twenty-five percent (25%) of  
 5 the approved costs.
- 6 **Sec. 9.** In the case of a lodging facility project described in  
 7 section 6 of this chapter, an approved company may be granted a  
 8 sales tax incentive based on the Indiana sales tax imposed on sales  
 9 generated by or arising at the tourism development project that:  
 10 (1) may be claimed over a period of twenty (20) years; and  
 11 (2) may not exceed the lesser of:  
 12 (A) the total amount of the sales tax liability of the  
 13 approved company and its lessees; or  
 14 (B) a percentage of the approved costs as specified by the  
 15 agreement but not more than fifty percent (50%) of the  
 16 approved costs.
- 17 **Sec. 10.** (a) An approved company shall claim the incentive  
 18 under section 8 or 9 of this chapter in the manner prescribed by  
 19 IC 6-2.5-16.  
 20 (b) Any unused incentives under section 8 or 9 of this chapter  
 21 from a previous year may be carried forward to any succeeding  
 22 year during the term of the agreement until the entire specified  
 23 percentage of the approved costs has been received through sales  
 24 tax incentives.
- 25 **Sec. 11.** The board and the corporation shall jointly prescribe  
 26 the form used to apply for an incentive and shall jointly establish  
 27 standards and guidelines that apply to:  
 28 (1) the making of an application for an incentive, including  
 29 any materials that are required to be submitted with an  
 30 application; and  
 31 (2) the recommendation of an eligible company's proposed  
 32 tourism development project for:  
 33 (A) preliminary approval; and  
 34 (B) final approval;  
 35 of an eligible company's proposed tourism development  
 36 project.
- 37 **Sec. 12.** (a) An eligible company that seeks an incentive provided  
 38 under this chapter for a proposed tourism development project  
 39 shall file an application with the corporation on the form  
 40 prescribed under section 11 of this chapter that includes:  
 41 (1) the name of the applicant;  
 42 (2) marketing plans for the tourism development project that



1 target individuals who are not residents of Indiana;  
 2 (3) a description and location of the tourism development  
 3 project;  
 4 (4) capital and other anticipated expenditures for the tourism  
 5 development project that indicate that the total cost of the  
 6 project will exceed the minimum required costs as provided  
 7 in sections 3 through 6 of this chapter, and the anticipated  
 8 sources of funding for the project;  
 9 (5) the anticipated employment and wages to be paid at the  
 10 tourism development project;  
 11 (6) business plans that indicate the average number of days in  
 12 a year in which the tourism development project will be in  
 13 operation and open to the public;  
 14 (7) the anticipated revenues and expenses generated by the  
 15 tourism development project;  
 16 (8) if the tourism development project is an entertainment  
 17 destination center project, the application must include the  
 18 public infrastructure purpose; and  
 19 (9) any other information as required by the standards and  
 20 guidelines under section 11 of this chapter.

21 (b) Based upon a review of the application and any  
 22 accompanying materials, if the corporation determines that the:

23 (1) eligible company and the proposed tourism development  
 24 project appear to meet the requirements established by  
 25 sections 3 through 6 of this chapter, as applicable; and

26 (2) proposed tourism development project may reasonably  
 27 satisfy the criteria in section 13(b) of this chapter;

28 the director of the corporation may submit a written request to the  
 29 board for a preliminary approval of the eligible company and the  
 30 tourism development project.

31 Sec. 13. (a) The board may review the request submitted by the  
 32 director under section 12(b) of this chapter, including all relevant  
 33 materials, and may, based upon that review, grant preliminary  
 34 approval to an eligible company.

35 (b) If the board grants a preliminary approval under subsection  
 36 (a), the corporation shall engage the services of a competent  
 37 consulting firm to prepare a report that analyzes the data made  
 38 available by the eligible company and to collect and analyze  
 39 additional information necessary to determine that, in the  
 40 independent judgment of the consultant, the proposed tourism  
 41 development project:

42 (1) will attract, in all years following the third year of



1 operation, at least twenty-five percent (25%) of its visitors  
2 from among persons who are not residents of Indiana;

3 (2) will have costs in excess of the minimum amount required  
4 under sections 3 through 6 of this chapter, as applicable, to  
5 the tourism development project;

6 (3) will have a net positive fiscal impact to Indiana  
7 considering, among other factors:

8 (A) the extent to which the proposed tourism development  
9 project will compete directly with existing tourism  
10 attractions or previously approved tourism development  
11 projects in Indiana; and

12 (B) the amount by which increased tax revenues from the  
13 tourism development project will exceed the incentives  
14 given to an approved company at the maximum level of  
15 recovery of approved costs as provided in sections 8 or 9 of  
16 this chapter, as applicable;

17 (4) will produce sufficient revenues and public demand to be  
18 operating and open to the public for at least one hundred  
19 (100) days per year, except for a theme restaurant destination  
20 attraction project, which must be operating and open to the  
21 public for at least three hundred (300) days per year;

22 (5) will not adversely affect existing employment in Indiana;  
23 and

24 (6) meets all other requirements of this chapter.

25 If the independent consultant determines that the proposed  
26 tourism development project cannot produce a net positive fiscal  
27 impact to Indiana as described in subdivision (3) at the maximum  
28 level of recovery of approved costs as provided in sections 8 or 9 of  
29 this chapter, as applicable, the independent consultant shall  
30 determine the level of recovery, if any, at which the proposed  
31 tourism development project can meet those standards.

32 (c) In preparing the report under subsection (b) of the proposed  
33 tourism development project, the independent consultant shall  
34 consult with the:

35 (1) board;

36 (2) corporation; and

37 (3) budget agency.

38 The budget agency must agree as to the methodology to be used  
39 and assumptions to be made by the independent consultant in  
40 preparing the report.

41 (d) Based on the independent consultant's report under  
42 subsection (b) and before any final approval of a project by the



1 board, the budget agency must certify to the board whether there  
 2 is a projected net positive fiscal impact to Indiana and the expected  
 3 amount of additional state revenues from the tourism development  
 4 project. A final approval shall not be granted if it is determined  
 5 that there is no projected net positive fiscal impact to Indiana.

6 (e) The eligible company shall pay for the cost of the  
 7 consultant's report and shall cooperate with the consultant and  
 8 provide all of the data that the consultant deems necessary to make  
 9 the determinations in the report under subsection (b).

10 (f) Instead of the independent consultant analysis required by  
 11 subsection (b), if:

12 (1) the eligible company is exempt from federal income  
 13 taxation under Section 501(c)(3) of the Internal Revenue  
 14 Code; and

15 (2) the estimated approved costs for a tourism development  
 16 project are less than ten million dollars (\$10,000,000);  
 17 the corporation may perform the review of data made available by  
 18 the eligible company and may also collect and analyze additional  
 19 information necessary to determine that the proposed tourism  
 20 development project meets the requirements set forth in subsection  
 21 (b)(1). The corporation must comply with the same consulting and  
 22 reporting requirements as an independent consultant.

23 (g) After a review of relevant materials, the consultant's report,  
 24 and completion of other inquiries, the director shall, by written  
 25 notification to the board, provide a recommendation to the board  
 26 regarding final approval of the tourism development project.

27 Sec. 14. (a) After the board's preliminary approval under  
 28 section 13(a) of this chapter, an individual designated by the  
 29 corporation shall hold at least one (1) public hearing to solicit  
 30 public comments regarding the designation of an eligible company  
 31 as a preliminarily approved company. The corporation shall  
 32 provide notice of the public hearing in accordance with IC 5-3-1.

33 (b) All meetings conducted under this section are open to the  
 34 public and shall be held in accordance with IC 5-14-1.5. However,  
 35 the board may meet in an executive session to discuss matters  
 36 pertaining to an eligible company for which an executive session  
 37 may be held under IC 5-14-1.5-6.1.

38 (c) The board shall review:

39 (1) the report of the consultant prepared under section 13(b)  
 40 of this chapter;

41 (2) the recommendation of the director under section 13(g) of  
 42 this chapter;



1 (3) the report prepared by the individual designated to  
 2 conduct the hearing under this section, documenting all  
 3 comments, both written and oral, received at the public  
 4 hearing; and

5 (4) any other information that has been made available to the  
 6 board;

7 to assist the board in determining whether the tourism  
 8 development project will further the purposes of this chapter.

9 (d) The criteria for final approval of an eligible company's  
 10 tourism development project includes satisfaction of the criteria set  
 11 forth in section 13(b) of this chapter, but the board has discretion  
 12 to consider criteria that are not contained in section 13(b) of this  
 13 chapter in determining whether to grant or deny final approval.  
 14 Final approval shall not be granted if it is determined that there is  
 15 no projected net positive fiscal impact to Indiana.

16 (e) After a review of:

17 (1) the consultant's report prepared under section 13(b) of  
 18 this chapter;

19 (2) the recommendation of the director under section 13(g) of  
 20 this chapter; and

21 (3) any other information made available to the board;

22 the board, by resolution, may grant to the eligible company the  
 23 status of an approved company and authorize the execution of a  
 24 tourism development project agreement as provided in section 15  
 25 of this chapter.

26 (f) The decision reached by the board is final and an eligible  
 27 company may not appeal the board's decision to deny final  
 28 approval of a tourism development project.

29 **Sec. 15. (a)** The board, upon adoption of its final approval under  
 30 section 14 of this chapter, may enter into a tourism development  
 31 project agreement with an approved company.

32 (b) The terms of the agreement shall be negotiated between the  
 33 board and the approved company and must include each of the  
 34 following provisions:

35 (1) The amount of approved costs.

36 (2) A provision that any increase in approved costs incurred  
 37 by the approved company and agreed to by the board shall  
 38 apply retroactively for purposes of calculating the carry  
 39 forward for unused incentives.

40 (3) A date certain by which the approved company must  
 41 complete the tourism development project.

42 (4) A provision that the board may grant an extension or



- 1 change. However, an extension or change may not exceed  
 2 three (3) years from the date of final approval to the tourism  
 3 development project's completion date as specified in the  
 4 agreement of an approved company.
- 5 (5) A provision that within three (3) months of the tourism  
 6 development project's completion date, the approved  
 7 company shall document the actual cost of the tourism  
 8 development project through a certification of the costs to be  
 9 provided by an independent certified public accountant  
 10 acceptable to the board.
- 11 (6) The term of the tourism development agreement and the  
 12 maximum amount of recovery.
- 13 (7) A provision that within forty-five (45) days after the end  
 14 of each fiscal year of the approved company, during the term  
 15 of the agreement, the approved company shall supply the  
 16 board with reports and certifications as the board may  
 17 request demonstrating to the satisfaction of the board that the  
 18 approved company is in compliance with this chapter and  
 19 IC 6-2.5-16.
- 20 (8) A provision requiring the approved company to notify the  
 21 board if any change in ownership of the tourism attraction  
 22 project is contemplated. The board shall reserve the option to  
 23 renegotiate the terms of the agreement or, if the change in  
 24 ownership is detrimental to Indiana, the board may terminate  
 25 the agreement.
- 26 (9) A provision specifying that the approved company is not  
 27 eligible to receive a sales tax incentive as prescribed by  
 28 IC 6-2.5-16 with respect to any state fiscal year if the  
 29 requirements of sections 3 through 6 of this chapter, as  
 30 applicable, have not been met.
- 31 (10) Subject to subdivision (12) and in addition to the  
 32 extension set forth in subdivision (4), a provision that the  
 33 board may grant an extension of up to three (3) years to the  
 34 completion date to an approved company that has completed  
 35 at least fifty percent (50%) of an entertainment destination  
 36 center project.
- 37 (11) A provision specifying that in no event shall the  
 38 completion date of a tourism development project be more  
 39 than six (6) years from the date of final approval.
- 40 (12) A provision specifying that the extension provided for in  
 41 subdivision (10) is subject to the following conditions:  
 42 (A) The approved company shall have spent or be



1 contractually obligated to spend an amount equal to or  
 2 greater than the amount of approved costs set forth in the  
 3 initial agreement.

4 (B) The term of the agreement shall not be extended,  
 5 except as provided in section 10(b) of this chapter.

6 (C) The scope of the entertainment destination center  
 7 project, as set forth in the initial agreement, shall not be  
 8 altered to include new or additional entertainment and  
 9 leisure options.

10 (c) The board, in negotiating the approved costs in an agreement  
 11 entered into under this section with an approved company, must  
 12 collaborate with the executive (as defined in IC 36-1-2-5) of a  
 13 county, city, or town to establish a maximum amount of approved  
 14 costs for the agreement.

15 (d) The agreement, including the incentives provided under  
 16 section 8 or 9 of this chapter, are not transferable or assignable by  
 17 the approved company without the written consent of the board  
 18 and a passage of a resolution approving the proposed assignee of  
 19 the incentives as an approved company.

20 Sec. 16. (a) Before November 1 of each year, the corporation  
 21 shall prepare an annual report posted on the corporation's website  
 22 for all tourism development projects for the preceding state fiscal  
 23 year.

24 (b) The report must include the following information:

25 (1) For each approved tourism development project, the:

26 (A) name of the approved company and a brief description  
 27 of the project;

28 (B) amount of approved costs included in the agreement;

29 (C) maximum amount of incentives the approved company  
 30 may recover over the term of the agreement;

31 (D) term of the agreement; and

32 (E) total amount recovered under the agreement, reported  
 33 for both the preceding state fiscal year and cumulatively.

34 (2) The number of applications for tourism development  
 35 projects submitted during the preceding state fiscal year.

36 (3) The number of tourism development projects finally  
 37 approved during the preceding state fiscal year.

38 (4) The total dollar amount approved for recovery for all  
 39 tourism development projects:

40 (A) approved during the preceding state fiscal year; and

41 (B) cumulatively approved under this chapter since its  
 42 enactment by year of approval.





1 SECTION 3. IC 6-2.5-16 IS ADDED TO THE INDIANA CODE  
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2025]:

4 **Chapter 16. Sales Tax Rebate for Tourism Development**  
5 **Projects**

6 **Sec. 1. The following definitions apply throughout this chapter:**

7 (1) "Agreement" has the meaning set forth in IC 5-33-7-1.

8 (2) "Approved company" has the meaning set forth in  
9 IC 5-33-7-1.

10 (3) "Approved costs" has the meaning set forth in IC 5-33-7-1.

11 (4) "Board" means the board of the corporation established  
12 under IC 5-33-4.

13 (5) "Corporation" means the Indiana destination  
14 development corporation established by IC 5-33-3-1.

15 (6) "Department" means the department of state revenue.

16 (7) "Director" means the director of the corporation  
17 appointed under IC 5-33-4-6.

18 (8) "Incentives" has the meaning set forth in IC 5-33-7-1.

19 (9) "Indiana sales tax" has the meaning set forth in  
20 IC 5-33-7-1.

21 (10) "Tourism development project" has the meaning set  
22 forth in IC 5-33-7-1.

23 **Sec. 2. (a) In accordance with the agreement entered into under**  
24 **IC 5-33-7-15, the approved company, excluding its lessees, may**  
25 **claim a sales tax rebate based on the Indiana sales tax on the sales**  
26 **generated by or arising at the tourism development project as**  
27 **provided in IC 5-33-7.**

28 (b) Notwithstanding IC 6-2.5-6-14.1, the approved company has  
29 no obligation to refund or otherwise return any amount of the  
30 rebate to a person from whom the sales tax was collected.

31 (c) The rebate shall be reduced by the amount of a retail  
32 merchant's collection allowance that may be retained or deducted  
33 under IC 6-2.5-6-10. Interest shall not be allowed or paid with  
34 respect to any rebate made to an approved company under this  
35 chapter.

36 **Sec. 3. The department shall prescribe the form on which an**  
37 **approved company may claim the rebate.**

38 **Sec. 4. The board shall notify the department upon approval of**  
39 **a tourism development project. The notification shall include the**  
40 **following information:**

41 (1) The name of the approved company.

42 (2) The name of the tourism development project.



- 1           (3) The date on which the approved company is eligible to
- 2           receive incentives under this chapter.
- 3           (4) The term of the agreement.
- 4           (5) The estimated approved costs.
- 5           (6) The specified percentage of the approved costs that the
- 6           approved company is eligible to receive.
- 7           (7) Any other information that the department may require.

8           **Sec. 5.** The approved company seeking the incentives shall  
 9           execute information sharing agreements as prescribed by the  
 10          department with its lessees and other related parties to verify the  
 11          amount of sales tax eligible for the sales tax rebate under this  
 12          chapter.

13          **Sec. 6.** Before October 1 of each year, the department shall  
 14          certify to the board and the director of the corporation the sales  
 15          tax liability of the:

- 16           (1) approved companies receiving incentives under this
- 17           chapter for tourism development projects authorized under
- 18           IC 5-33-7, including any lessees of an approved company; and
- 19           (2) the amount of the sales tax rebates issued under this
- 20           chapter for the preceding state fiscal year.

21          SECTION 4. IC 36-7-41 IS ADDED TO THE INDIANA CODE AS  
 22          A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
 23          1, 2025]:

24          **Chapter 41. Tourism Improvement Districts**

25          **Sec. 1.** This chapter applies to all units except townships.

26          **Sec. 2.** As used in this chapter, "activities" means any programs  
 27          or services that promote business activity or tourism activity and  
 28          are provided to confer specific benefits upon the businesses that  
 29          are located in the tourism improvement district.

30          **Sec. 3.** As used in this chapter, "district" means a tourism  
 31          improvement district established by an ordinance adopted under  
 32          section 13 of this chapter.

33          **Sec. 4.** As used in this chapter, "district management  
 34          association" means a private nonprofit entity designated in the  
 35          district plan that enters into a contract with the legislative body of  
 36          a unit to administer and implement the district's activities and  
 37          improvements.

38          **Sec. 5.** As used in this chapter, "district plan" means a proposal  
 39          for a tourism improvement district that contains the information  
 40          described in section 9(c) of this chapter.

41          **Sec. 6.** As used in this chapter, "improvements" means the  
 42          acquisition, construction, installation, or maintenance of any



1 tangible property in the tourism improvement district with an  
2 estimated useful life of five (5) years or more.

3 Sec. 7. As used in this chapter, "legislative body" has the  
4 meaning set forth in IC 36-1-2-9.

5 Sec. 8. As used in this chapter, "owner" refers to:

6 (1) for a parcel of real property located within the district, the  
7 person listed as the owner on the tax duplicate or special  
8 assessment roll; or

9 (2) for a business located within the district, any person  
10 recognized by the unit as the owner of that business, without  
11 regard to whether the person is the owner of the real property  
12 on which the business is located.

13 Sec. 9. (a) A person that intends to file a petition for the  
14 establishment of a tourism improvement district under this section  
15 must first provide written notice to the clerk (as defined in  
16 IC 36-1-2-4) in the case of a municipality, or the county auditor in  
17 the case of a county, of the person's intent before initiating the  
18 petition process.

19 (b) A petition for the establishment of a tourism improvement  
20 district may be filed with the clerk of the municipality or the  
21 county auditor not later than one hundred twenty (120) days after  
22 the date on which the notice of intent for the petition is filed with  
23 the clerk of the municipality or the county auditor under  
24 subsection (a). The petition shall include the name and legal status  
25 of the filing party and the district plan.

26 (c) The district plan shall include at least the following:

27 (1) The name of the proposed district.

28 (2) Subject to section 9.5 of this chapter, a map of the  
29 proposed district, including a description of the boundaries of  
30 the district in a manner sufficient to identify the real property  
31 or businesses included. Any real property that is exempt from  
32 property taxation under IC 6-1.1-10 or another law may be  
33 included within the district's boundaries but is not subject to  
34 the special assessment.

35 (3) The proposed source or sources of financing, including:

36 (A) the proposed method and basis of levying the special  
37 assessment in sufficient detail to allow each owner to  
38 calculate the amount of the special assessment that may be  
39 levied against the owner's business; and

40 (B) whether the district may issue bonds to finance  
41 improvements.

42 (4) A list of the businesses to be assessed, including the parcel



1 number or key number for the property, and a statement of  
2 the manner in which the expenses of a district will be imposed  
3 upon a benefited business, in proportion to the benefit  
4 received by the business, including costs for operation and  
5 maintenance.

6 (5) For purposes of imposing the special assessment and  
7 determining the benefits of the district's activities and  
8 improvements, a classification of the types of property and  
9 businesses within the proposed district. The classification may  
10 be made on the basis of the type of businesses within the  
11 district and may include the following variations in the  
12 assessment formula:

- 13 (A) Square footage of the business.
- 14 (B) Number of employees.
- 15 (C) Geography.
- 16 (D) Gross sales.
- 17 (E) Other similar factors that reasonably relate to the  
18 benefit received.

19 (6) A statement identifying the district management  
20 association, including the district management association's  
21 board of directors and governance structure.

22 (7) Any other item or matter required to be incorporated in  
23 the district plan by the unit's legislative body. Subject to  
24 section 9.5 of this chapter, the legislative body may require in  
25 the district plan that the boundaries of the district be drawn  
26 to:

- 27 (A) exclude businesses; or
- 28 (B) prevent overlap of the district with another district or  
29 area in which a special assessment is imposed.

30 **Sec. 9.5.** Owners of the following property may not be included  
31 within the territory of a district and the owners of such property  
32 shall not be considered in determining whether the petition  
33 signature requirements under section 13 of this chapter:

- 34 (1) Any property that receives a homestead standard  
35 deduction under IC 6-1.1-12-37.
- 36 (2) Any property that is used for single family residential  
37 housing.
- 38 (3) Any property that is used for multi-unit residential  
39 housing.

40 In addition, the property described in this section shall not be  
41 subject to a special assessment under this chapter.

42 **Sec. 10.** Subject to section 9.5 of this chapter, the territory of a



- 1 **tourism improvement district:**  
 2 (1) **in the case of a municipality, may include only territory**  
 3 **within the municipality; or**  
 4 (2) **in the case of a county, may include only territory of the**  
 5 **county that is not within any municipality in the county.**  
 6 **Sec. 11. (a) A special assessment on businesses located within the**  
 7 **district shall be levied on the basis of the estimated benefit to the**  
 8 **businesses within the tourism improvement district. The unit's**  
 9 **legislative body may use the classification of the types of property**  
 10 **and businesses described in section 9(c)(5) of this chapter in**  
 11 **determining the benefit to a business provided by the district.**  
 12 (b) **The special assessment that may be levied on businesses**  
 13 **located within the district may take any form that confers benefits**  
 14 **to the assessed business and may include any combination of the**  
 15 **following methods:**  
 16 (1) **A percentage rate per transaction at a business within the**  
 17 **district.**  
 18 (2) **A fixed rate per transaction per day at a business within**  
 19 **the district.**  
 20 (3) **A district business's percentage of gross sales.**  
 21 (c) **The special assessment may be levied on different types of**  
 22 **businesses located within the district and is not required to be**  
 23 **levied on the same basis or at the same rate.**  
 24 **Sec. 12. (a) After receipt of a petition under section 9 of this**  
 25 **chapter, the clerk of the municipality or the county auditor shall,**  
 26 **in the manner provided by IC 5-3-1, publish notice of a hearing on**  
 27 **the proposed tourism improvement district. The clerk of the**  
 28 **municipality or the county auditor shall mail a copy of the notice**  
 29 **to each owner within the proposed tourism improvement district.**  
 30 **The notice must include the boundaries of the proposed district, a**  
 31 **description of the proposed activities and improvements, the**  
 32 **proposed formula for determining the percentage of the total**  
 33 **benefit to be received by each business, the method of determining**  
 34 **the benefit received by each business, and the hearing date. The**  
 35 **date of the hearing may not be more than sixty (60) days after the**  
 36 **date on which the notice is mailed.**  
 37 (b) **At the public hearing under subsection (a), the legislative**  
 38 **body shall hear all owners in the proposed district (who appear**  
 39 **and request to be heard) upon the questions of:**  
 40 (1) **the sufficiency of the notice;**  
 41 (2) **whether the proposed activities and improvements are of**  
 42 **public utility and benefit;**



- 1 (3) whether the formula or method to be used for the
- 2 assessment of special benefits is appropriate; and
- 3 (4) whether the district contains all, or more or less than all,
- 4 of the territory specially benefited by the activities and
- 5 improvements.

6 Sec. 13. (a) After conducting a hearing on the proposed tourism  
 7 improvement district, the legislative body may adopt an ordinance  
 8 establishing the tourism improvement district if it determines that:

- 9 (1) the petition meets the requirements of this section and
- 10 sections 9 through 11 of this chapter;
- 11 (2) the activities and improvements to be undertaken in the
- 12 district will provide special benefits to businesses in the
- 13 district and will be of public utility and benefit;
- 14 (3) the benefits provided by the activities and improvements
- 15 will be new benefits that do not replace benefits existing
- 16 before the establishment of the district; and
- 17 (4) the formula or method to be used for the assessment of
- 18 benefits is appropriate.

19 (b) The legislative body may adopt the ordinance only if it  
 20 determines that the petition has been signed by:

- 21 (1) at least fifty percent (50%) of the owners of businesses
- 22 within the proposed district; or
- 23 (2) the owners of businesses within the proposed district that
- 24 constitute more than fifty percent (50%) of the revenue to be
- 25 collected from the assessments.

26 (c) The ordinance shall:

- 27 (1) incorporate the information set forth in the district plan;
- 28 (2) specify the time and manner in which assessments levied
- 29 under this chapter are to be collected; and
- 30 (3) include any other content that the legislative body
- 31 determines is reasonable as it relates to the operation of the
- 32 district.

33 (d) The adoption of an ordinance establishing a tourism  
 34 improvement district does not affect and may not be construed to  
 35 authorize any decrease in the level of publicly funded tourism  
 36 promotion services that existed before the district's establishment.

37 Sec. 14. (a) The unit's legislative body shall contract with the  
 38 district management association designated in the district plan to  
 39 administer and implement the district's activities and  
 40 improvements.

41 (b) The district management association may make  
 42 recommendations to the unit's legislative body with respect to any



1 matter involving or relating to the district.

2 **Sec. 15. (a) The district may issue bonds for providing**  
3 **improvements.**

4 **(b) Bonds issued under this chapter do not constitute an**  
5 **indebtedness of the unit within the meaning of a constitutional or**  
6 **statutory debt limitation.**

7 **Sec. 16. The initial term for a district shall be at least three (3)**  
8 **years and not more than ten (10) years. However, in the case of a**  
9 **district created for the purpose of issuing bonds, the initial term of**  
10 **the district may not exceed the maximum maturity of those bonds.**

11 **Sec. 17. (a) A district may be renewed for not more than an**  
12 **additional ten (10) year period. However, in the case of a district**  
13 **created for the purpose of issuing bonds, the renewal may not**  
14 **exceed the maximum maturity of those bonds.**

15 **(b) If a district is renewed, any remaining revenues derived**  
16 **from the levy of a special assessment, or any revenues derived from**  
17 **the sale of assets acquired with the revenues, shall be transferred**  
18 **to the renewed district. The following apply to the transfer of any**  
19 **remaining revenues of a renewed district:**

20 **(1) If the renewed district includes a business not included in**  
21 **the prior district, the remaining revenues shall be spent to**  
22 **benefit only the business in the prior district.**

23 **(2) If the renewed district does not include a business included**  
24 **in the prior district, the remaining revenues attributable to**  
25 **the parcel shall be refunded to the owners of the business.**

26 **(c) The boundaries, assessments, improvements, or activities of**  
27 **a renewed district are not required to be the same as the original**  
28 **prior district.**

29 **Sec. 18. An ordinance adopted under section 13 of this chapter**  
30 **may be amended or repealed if notice of the proposed amendment**  
31 **or repeal is published and mailed in the manner provided by**  
32 **section 12 of this chapter. However, if an amendment proposes to:**

33 **(1) levy a new or increased special assessment;**

34 **(2) change the district's boundaries; or**

35 **(3) issue a new bond;**

36 **the unit's legislative body shall require compliance with the**  
37 **procedures set forth in sections 9 through 13 of this chapter before**  
38 **amending the ordinance.**

39 **Sec. 19. (a) The district management association shall submit an**  
40 **annual report to the legislative body and the fiscal body before**  
41 **January 1 of each year.**

42 **(b) The report shall contain all of the following information:**



1           **(1) The activities and improvements to be provided for the**  
2           **ensuing year and an estimate of the cost of providing the**  
3           **activities and improvements for that year.**  
4           **(2) The estimated amount of any surplus or deficit revenues**  
5           **to be carried over from the prior year.**  
6           **Sec. 20. If a tourism improvement district is repealed, the assets**  
7           **and liabilities of the district shall be disposed of in the manner**  
8           **determined by the unit. However, liabilities incurred by the**  
9           **tourism improvement district are not an obligation of the unit and**  
10          **are payable only from the special assessments and other revenues**  
11          **of the district. Special assessments levied to pay the principal and**  
12          **interest on any bonds issued under this chapter may not be reduced**  
13          **or terminated if doing so would interfere with the timely**  
14          **retirement of the debt.**





## COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1223, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 14, between lines 9 and 10, begin a new paragraph and insert:

**"(c) The board, in negotiating the approved costs in an agreement entered into under this section with an approved company, must collaborate with the executive (as defined in IC 36-1-2-5) of a county, city, or town to establish a maximum amount of approved costs for the agreement."**

Page 14, line 10, delete "(c)" and insert "(d)".

Page 18, line 18, delete "body." and insert **"body. Subject to section 9.5 of this chapter, the legislative body may require in the district plan that the boundaries of the district be drawn to:**

**(A) exclude businesses; or**

**(B) prevent overlap of the district with another district or area in which a special assessment is imposed."**

and when so amended that said bill do pass.

(Reference is to HB 1223 as introduced.)

MILLER D

Committee Vote: yeas 11, nays 0.

