

HOUSE BILL No. 1345

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-41.

Synopsis: Tourism improvement districts. Provides that a person may circulate a petition to 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. Excludes property that receives a homestead standard deduction from inclusion within a district. Provides that owners of real property or 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 at least 50% of the owners of real property or businesses within the district who will pay the special assessment. 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.

Effective: July 1, 2024.

Baird, Karickhoff

January 10, 2024, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1345

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

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

1 SECTION 1. IC 36-7-41 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2024]:

4 **Chapter 41. Tourism Improvement Districts**

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

6 **Sec. 2. As used in this chapter, "activities" means any programs**
7 **or services that promote business activity or tourism activity and**
8 **are provided to confer specific benefits upon the real property or**
9 **businesses that are located in the tourism improvement district.**

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

13 **Sec. 4. As used in this chapter, "district management**
14 **association" means a private nonprofit entity designated in the**
15 **district plan that enters into a contract with the legislative body of**
16 **a unit to administer and implement the district's activities and**
17 **improvements.**



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

4 **Sec. 6.** As used in this chapter, "improvements" means the
5 acquisition, construction, installation, or maintenance of any
6 tangible property in the tourism improvement district with an
7 estimated useful life of five (5) years or more.

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

10 **Sec. 8.** As used in this chapter, "owner" means:

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

14 (2) for a business located within the district, any person
15 recognized by the unit as the owner of the business.

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

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

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

30 (1) The name of the proposed district.

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

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

39 (A) the proposed method and basis of levying the special
40 assessment in sufficient detail to allow each owner to
41 calculate the amount of the special assessment that may be
42 levied against the owner's business or real property; and



- 1 **(B) whether the district may issue bonds to finance**
 2 **improvements.**
- 3 **(4) A list of the businesses or real property to be assessed,**
 4 **including the parcel number or key number for the property,**
 5 **and a statement of the manner in which the expenses of a**
 6 **district will be imposed upon a benefited business or property,**
 7 **in proportion to the benefit received by the business or real**
 8 **property, including costs for operation and maintenance.**
- 9 **(5) A classification of the types of property and businesses**
 10 **within the proposed district for purposes of determining the**
 11 **benefit to a property or business of the improvements and**
 12 **activities provided by the district.**
- 13 **(6) A statement identifying the district management**
 14 **association.**
- 15 **(7) Any other item or matter required to be incorporated in**
 16 **the district plan by the unit's legislative body.**
- 17 **Sec. 9.5. Any property that receives a homestead standard**
 18 **deduction under IC 6-1.1-12-37 may not be included within the**
 19 **territory of a district.**
- 20 **Sec. 10. Subject to section 9.5 of this chapter, the territory of a**
 21 **tourism improvement district:**
- 22 **(1) in the case of a municipality, may include only territory**
 23 **within the municipality; or**
- 24 **(2) in the case of a county, may include only territory of the**
 25 **county that is not within any municipality in the county.**
- 26 **Sec. 11. (a) A special assessment on real property or businesses**
 27 **shall be levied on the basis of the estimated benefit to the real**
 28 **property or business within the tourism improvement district. The**
 29 **unit's legislative body may use the classification of the types of**
 30 **property and businesses described in section 9(c)(5) of this chapter**
 31 **in determining the benefit to a property or business provided by**
 32 **the district.**
- 33 **(b) The special assessment may be levied on different types of**
 34 **businesses or property located within the district and is not**
 35 **required to be levied on the same basis or at the same rate.**
- 36 **Sec. 12. (a) After receipt of a petition under section 9 of this**
 37 **chapter, the clerk of the municipality or the county auditor shall,**
 38 **in the manner provided by IC 5-3-1, publish notice of a hearing on**
 39 **the proposed tourism improvement district. The clerk of the**
 40 **municipality or the county auditor shall mail a copy of the notice**
 41 **to each owner within the proposed tourism improvement district.**
 42 **The notice must include the boundaries of the proposed district, a**



1 description of the proposed activities and improvements, the
 2 proposed formula for determining the percentage of the total
 3 benefit to be received by each parcel of real property, the method
 4 of determining the benefit received by each business, and the
 5 hearing date. The date of the hearing may not be more than sixty
 6 (60) days after the date on which the notice is mailed.

7 (b) At the public hearing under subsection (a), the legislative
 8 body shall hear all owners in the proposed district (who appear
 9 and request to be heard) upon the questions of:

- 10 (1) the sufficiency of the notice;
 11 (2) whether the proposed activities and improvements are of
 12 public utility and benefit;
 13 (3) whether the formula or method to be used for the
 14 assessment of special benefits is appropriate; and
 15 (4) whether the district contains all, or more or less than all,
 16 of the property specially benefited by the activities and
 17 improvements.

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

- 21 (1) the petition meets the requirements of this section and
 22 sections 9 through 11 of this chapter;
 23 (2) the activities and improvements to be undertaken in the
 24 district will provide special benefits to owners in the district
 25 and will be of public utility and benefit;
 26 (3) the benefits provided by the activities and improvements
 27 will be new benefits that do not replace benefits existing
 28 before the establishment of the district; and
 29 (4) the formula or method to be used for the assessment of
 30 benefits is appropriate.

31 (b) The legislative body may adopt the ordinance only if it
 32 determines that the petition has been signed by at least fifty
 33 percent (50%) of the owners within the proposed district who will
 34 pay the assessments. The ordinance shall:

- 35 (1) incorporate the information set forth in the district plan;
 36 (2) specify the time and manner in which assessments levied
 37 under this chapter are to be collected; and
 38 (3) include any other content that the legislative body
 39 determines is reasonable as it relates to the operation of the
 40 district.

41 (c) The adoption of an ordinance establishing a tourism
 42 improvement district does not affect and may not be construed to



1 authorize any decrease in the level of publicly funded tourism
2 promotion services that existed before the district's establishment.

3 Sec. 14. (a) The unit's legislative body shall contract with a
4 district management association to administer and implement the
5 district's activities and improvements. The district management
6 association shall be designated in the district plan.

7 (b) The district management association may make
8 recommendations to the unit's legislative body with respect to any
9 matter involving or relating to the district.

10 Sec. 15. (a) The district may issue bonds for providing
11 improvements.

12 (b) Bonds issued under this chapter do not constitute an
13 indebtedness of the unit within the meaning of a constitutional or
14 statutory debt limitation.

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

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

23 (b) If a district is renewed, any remaining revenues derived
24 from the levy of a special assessment, or any revenues derived from
25 the sale of assets acquired with the revenues, shall be transferred
26 to the renewed district. The following apply to the transfer of any
27 remaining revenues of a renewed district:

28 (1) If the renewed district includes a parcel of real property
29 or a business not included in the prior district, the remaining
30 revenues shall be spent to benefit only the parcel or business
31 in the prior district.

32 (2) If the renewed district does not include a parcel of real
33 property or a business included in the prior district, the
34 remaining revenues attributable to the parcel shall be
35 refunded to the owners of the parcel or business.

36 (c) The boundaries, assessments, improvements, or activities of
37 a renewed district are not required to be the same as the original
38 or prior district.

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



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

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

3 (3) issue a new bond;

4 the unit's legislative body shall require compliance with the
5 procedures set forth in sections 9 through 13 of this chapter before
6 amending the ordinance.

7 Sec. 19. (a) The district management association shall submit an
8 annual report to the legislative body and the fiscal body before
9 January 1 of each year.

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

11 (1) The activities and improvements to be provided for the
12 ensuing year and an estimate of the cost of providing the
13 activities and improvements for that year.

14 (2) The estimated amount of any surplus or deficit revenues
15 to be carried over from the prior year.

16 Sec. 20. If a tourism improvement district is repealed, the assets
17 and liabilities of the district shall be disposed of in the manner
18 determined by the unit. However, liabilities incurred by the
19 tourism improvement district are not an obligation of the unit and
20 are payable only from the special assessments and other revenues
21 of the district. Special assessments levied to pay the principal and
22 interest on any bonds issued under this chapter may not be reduced
23 or terminated if doing so would interfere with the timely
24 retirement of the debt.

