Indiana Economic Development Corp.

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 or a regional priority community development project. Designation as an IDD allows for the capture of certain state and local incremental tax revenues which can then be invested in support of the IDD and the growth of the state's high-technology economy.

ELIGIBILITY

To be eligible for an IDD designation, the total planned investment must be at least $750 million.

DESIGNATION OF AN IDD

The IEDC may designate an area as an IDD following review by the Indiana State Budget Committee as well as notification and collaboration with the executive of the units (i.e. communities and/or entities) where the project will be located. Following the designation of an IDD, the IEDC and the local executive(s) enter into an agreement outlining:

- The boundaries of the IDD,
- The proposed use of the incremental revenue captured by the district as outlined in the agreement,
- And the projected revenues, use of captured tax increments, required revenue sharing, duration, enforcement terms, and planned public facilities.

The IEDC will 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 use at their discretion.

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. The term of an area's designation as an IDD may not exceed 30 years.

State sales and income taxes — At the time of designation, the Indiana Department of Revenue (DOR) will establish the sales and income tax base amount. For each year of the designation, DOR will calculate the incremental revenue growth within the IDD by October 1 of each year and transfer that amount to the IEDC.

Real and personal property taxes — After designation, the executive of the unit will 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 30 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 IDD.
- The recruitment of new businesses and new employees to the IDD.
- The training of individuals employed in the IDD.
- The payment of economic development incentives granted by the IEDC to businesses located within the boundaries of an IDD.