The Investment Hubs proposal is enabling legislation to allow members of a regional development authority (RDA) to raise new revenue by meeting and following certain statutory requirements.

The language builds on the existing RDA statute, and the membership of RDAs formed prior to July 1, 2020 ("existing RDAs") remains the same. However, under this proposal, each member of an existing RDA has the opportunity to adopt a new development authority investment plan and raise one of three possible revenue sources, up to a maximum rate of 1%:

1) Local Income Tax;
2) Local Sales Tax; or
3) Local Food and Beverage Tax

If a minimum threshold of participation is reached by the existing RDA members, then the RDA can operate as an Investment Hub. Fifty percent of the new revenue would stay in the unit where it originated, to be used for any authorized governmental purpose. The other fifty percent must be distributed to the RDA, to be used exclusively to fund capital projects with regional significance.

It is also possible for a new RDA to be formed by municipalities and counties that are not members of an existing RDA.

Members of an existing RDA and counties/municipalities that seek to establish a new RDA must take certain steps as prescribed by statute in order to operate as an Investment Hub.

RDAs ESTABLISHED PRIOR TO JANUARY 1, 2020

In order for an existing RDA to operate as an Investment Hub, a minimum number of current RDA members must act to participate by adopting the development authority investment plan and imposing one of the three new taxes:

1) At least 2 units that reach a combined population of 100,000; or
2) At least 5 units if the combined population is less than 100,000.

The units that wish to participate must each follow statutory procedures.

Before any official action is taken by a county or municipal fiscal body, a development authority investment plan must be created. After the development authority investment plan is created, the fiscal body of each member that wishes to participate must adopt the plan by substantially similar resolutions. The plan must:

1) Identify the tax and the rate at which it will be imposed for each participating member (1% max)
   - Each member may choose which tax to raise (e.g. X and Z may raise a sales tax and Y may raise an income tax), but all members raising the same type of tax must raise it at the same rate (e.g. sales tax-raising members X and Z must both raise it by 1%)
2) Prescribe the composition of the investment board, including:
   - How board members are selected/appointed
   - Description of whether/how each board member's vote will be weighted (e.g. each board member could have one equal vote, or votes could be weighted by population or by the share of revenue contributed to the Hub etc.)

Once the minimum threshold of participating members has been reached through the adoption of the investment plan and the new tax, the RDA may begin operating as an Investment Hub.

MEMBERSHIP

The membership of existing RDAs remains the same. Every municipality located in a county that is a current member of an RDA is, by default, a member of the RDA.

Under this proposal, the fiscal body of every member of an existing RDA will have the opportunity to adopt the development authority plan and impose one of the three new taxes. Each member that does so is referred to as a "participating member."

Each participating member is obligated to contribute 50% of the revenue raised via the selected tax for at least 12 years but for no more than 22 years, with the option to renew membership in the RDA at any time. Only the participating members are eligible for projects within their jurisdiction, unless the investment board determines otherwise for a specific project by a 2/3rds majority vote.

For purposes of the RDA, the jurisdiction of a participating county is the unincorporated territory in the county. Thus, only residents of the unincorporated territory in the county count toward the population threshold and are obligated to pay the tax selected by the county. (Taxpayers who live within municipalities cannot be double taxed when the county opts to participate.)

The municipalities that are members of an existing RDA by default of the county's membership each also have the opportunity to participate by adopting the development authority investment plan and raising one of the three available new taxes. Each municipality has to take independent action to be a participating member – the county does not and cannot bind them.

The fiscal body of a county or municipality that is not currently a member of an RDA may join an existing RDA by adopting the investment plan and imposing one of the three available taxes, subject to adjacency requirements[1] and RDA board approval.

[1] In a county or adjacent to a county that is a member of an RDA, or adjacent to a county that is a member of an RDA, or adjacent to a county that contains a member of an RDA

As with current law, a municipality or county may be a member of only one RDA. An RDA member may withdraw from its current RDA, but if a member does withdraw, it is not eligible to establish a new RDA or to join another one[2].

THE GOVERNING BOARDS

If a minimum number of units do not act to participate, there is no change to the governance structure.

If a minimum number of units do act to participate[3] thus allowing the RDA to operate as an Investment Hub, a new investment board will determine which projects receive funding with the new locally-raised income tax, food and beverage tax or sales tax revenue. The composition of the investment board is not prescribed under our language. Instead, it is composed according to the terms of the development authority investment plan that the fiscal body of each participating member adopts.

Even if an RDA is operating as an Investment Hub, the current 5-member private sector development board remains intact. Its jurisdiction is over all RDA matters (retaining existing authority), except over which projects receive funding with the new locally-raised income tax, food and beverage tax or sales tax revenue[4].

PLANNING, FINANCING, AND AWARDING PROJECTS

When the minimum numbers of units act to participate and the RDA begins operating as an Investment Hub, a new regional investment fund must be created, into which the 50% contribution from each participating member is transferred. The investment board determines which projects to fund with this revenue, within the confines of IC 36-7.6 which defines the projects that may

[2] This does not apply to members of a development authority that contains a consolidated city.
[3] At least two units with a combined population of 100,000+, or at least 5 units if the combined population is less than 100,000
[4] This revenue will be transferred by each participating member to a new regional investment fund, which is separate from the current development authority fund.

be funded[5] and guided by the comprehensive strategic development plan that every RDA must prepare.

All other funds that an RDA receives would go into the existing development authority fund, unless otherwise transferred by the development board.

An RDA has bonding authority, and must follow specific statutory requirements for all financings.

ACCOUNTABILITY

Each year, an RDA is required to perform an audit using a certified public accountant. In addition to the audit report, the accountant must also evaluate the internal accounting controls and express an opinion on the controls in effect during the audit period. The State Board of Accounts may also conduct an audit of any phase of the operations of the RDA.

An RDA is required to comply with state public purchasing and public work projects statutes, along with any applicable federal bidding rules and regulations.

Any political subdivision that receives any type of financial assistance from the RDA must also comply with all applicable federal, state and local public purchasing and bidding laws and regulations.

RDAs ESTABLISHED AFTER JANUARY 1, 2020

For an RDA established after January 1, 2020, *every* county/municipality that seeks to establish and join an RDA must adopt the development authority investment plan and raise one of the three available revenue sources in order to be a member of the RDA ("Investment Hub").

[5] Airport authority projects, commuter transportation district projects, economic development projects, regional transportation authority projects, intermodal transportation projects, regional trails/greenway projects, or any project that enhances a region with the goal of attracting people or business

To establish a new RDA, there must be a minimum numbers of units that adopt the development authority investment plan and impose one of the three new taxes:

1) At least 2 units that together reach a combined threshold of 100,000; or
2) At least 5 units if the combined population of the units is less than 100,000.

MEMBERSHIP

Only units that do not already belong to an RDA may become a member of a new RDA.

Each member of a new RDA is obligated to contribute 50% of the revenue raised via the selected tax for at least 12 years but for no more than 22 years, with the option to renew at any time.

For purposes of the RDA, the jurisdiction of the county is the unincorporated territory in the county. Thus, only residents of the unincorporated territory in the county count toward the population threshold and are obligated to pay the tax selected by the county. (Taxpayers who live within municipalities cannot be double taxed if a county joins the RDA.)

If a county joins an RDA, the county cannot bind the overlapping cities and towns. The overlapping municipalities have the opportunity to join by adopting the investment plan and raising a new tax, but the fiscal body of each municipality must take independent action to join.

GOVERNING BOARD

An RDA established after January 1, 2020 is governed by the investment board.

The composition of the investment board is not prescribed under our language. Instead, an investment board is composed according to the terms of the development authority investment plan that the fiscal body of each member adopts.

The investment plan must prescribe the composition of the investment board, including how board members are selected/appointed, and a description of whether/how each board member's vote will be weighted (e.g. each board member could have one equal vote, or votes could be weighted by population or by the share of revenue contributed to the Hub etc.).[6]

PLANNING, FINANCING AND AWARDING PROJECTS

All revenue transferred to a new RDA goes to a regional investment fund.

The investment board determines which projects to fund with all RDA revenue, within the confines of IC 36-7.6 which defines the projects that may be funded[7] and guided by the comprehensive strategic development plan that every RDA must prepare.

An RDA does have bonding authority, and must follow specific statutory requirements for all financings.

ACCOUNTABILITY

RDAs established after January 1, 2020 are subject to all the same public bidding/public works statutes and State Board of Accounts audit requirements as existing RDAs.

[6] The investment plan also must identify the selected tax and the rate at which it will be imposed for each member (1% max). Each member may choose which tax to raise (e.g. X and Z may raise a sales tax and Y may raise an income tax), but all members raising the same type of tax must raise it at the same rate (e.g. sales tax-raising members X and Z must both raise it by 1%).

[7] Airport authority projects, commuter transportation district projects, economic development projects, regional transportation authority projects, intermodal transportation projects, regional trails/greenway projects, or any project that enhances a region with the goal of attracting people or business