



MEMO FROM COUNCIL OFFICE:

To: Members of the Common Council

From: Stephen Lucas, Council Administrator/Attorney

Date: October 27, 2023

Re: Resolution 23-18 - To Extend the Bloomington Urban Enterprise Zone for an Additional Five Years

Synopsis

Indiana Code § 5-28-15-10 permits the Common Council to authorize the extension of Bloomington's enterprise zone for an additional five-year period. The extension would begin on January 1, 2024, creating a new expiration date of December 31, 2028.

Relevant Materials

- Resolution 23-18
- Map of Bloomington Urban Enterprise Zone
- Staff Memo

Summary

Resolution 23-18 renews the Bloomington Urban Enterprise Zone (the Zone) for an additional five years. This renewal is a response to legislation passed by the Indiana General Assembly in 2021 enabling a five-year extension of the Zone where the fiscal body authorizes such extension via resolution. Resolution 23-18 proposes a renewal for the period January 01, 2024 to December 31, 2028.

Enterprise Zones - Generally

According to the Indiana Economic Development Corporation, Indiana's Urban Enterprise Zone [program](#) was established in 1983 under Indiana Code (IC) [5-28-15](#) to promote investment and increased economic activity in some of the most distressed urban areas around the state. These Zones were originally created for a period of 10 years with the ability to apply for two (2) five-year extensions. In subsequent years, changes to the state statute allowed for further extensions.

Established in 1992, Bloomington's Zone is one of several active Zones in Indiana. Please see the enclosed map for the boundaries of the Zone, or view the online Zone [map](#). Certain tax incentives along with grant/scholarship opportunities are available to [businesses](#) and [residents](#) located or doing business within a Zone. Under this latest proposed extension, the tax incentives available to Zone businesses would be limited to those available under IC [6-1.1-45](#).



The Bloomington Urban Enterprise Association

Statute creates an urban enterprise association in each Zone. Each association has duties that are mandatory and powers/duties that are discretionary as follows:

Mandatory

Pursuant to IC [5-28-15-14](#), each urban enterprise association **shall**:

- Coordinate zone development activities.
- Serve as a catalyst for zone development.
- Promote the zone to outside groups and individuals.
- Establish a formal line of communication with residents and businesses in the zone.
- Act as a liaison between residents, businesses, the municipality, and the board for any development activity that may affect the zone or zone residents.

Discretionary

Pursuant to IC 5-28-15-14, each urban enterprise association **may**:

- Initiate and coordinate any community development activities that aid in the employment of zone residents, improve the physical environment, or encourage the turnover or retention of capital in the zone.
- Incorporate as a nonprofit corporation. This incorporation continues after the expiration of the zone. When an association is incorporated it may purchase or receive real property from a redevelopment commission.
- Request, by majority vote, that the legislative body of the municipality in which the zone is located modify or waive any municipal ordinance or regulation that is in effect in the zone. The legislative body may, by ordinance, waive or modify the operation of the ordinance or regulation, if the ordinance or regulation does not affect health (including environmental health), safety, civil rights, or employment rights.

Pursuant to IC [5-28-15-5.7](#), each urban enterprise association **may**:

- Adopt guidelines for the disqualification of a zone business from eligibility for one (1) or more incentives available to zone businesses, if the zone business fails to:
 - Use all its incentives for its property or employees in the zone or
 - Remain open and operating as a zone business for twelve (12) months of the year for which the incentive is claimed.
- Modify the boundary of the zone if the legislative body determines that the modification is in the best interests of the zone.
- Employ staff and contract for services to carry out the purposes of IC 5-28-15.



Membership

Urban Enterprise Associations consist of 12 members from the business and labor sectors, State and local government, and residents of the zone, who are appointed by the Governor (2), Mayor (6), and Council (4 – including one appointment from the membership of the Council, currently Kate Rosenbarger). The BUEA is currently administered by the City’s Economic and Sustainable Development Department.

The Bloomington Urban Enterprise Zone – History of Renewals

(taken from the Council’s [January 9, 2019 packet memo](#) provided with [Resolution 19-02](#))

The Bloomington Urban Enterprise Zone began in 1992 with the encouragement of the former State Department of Commerce as a way to help Thomson Consumer Electronics and the community ([Resolution 91-37](#)).

Thomson and the other zone industries saw immediate savings because, under a reinvestment agreement, they could keep 80% of their inventory tax and turn the other 20% over to the Zone as a participation fee. This money, along with other nominal revenues, was then available to foster reinvestment, encourage loans, and benefit individual residents of the zone. Over the next few years, the BUEA increased business participation in the program, helped with the expansion of zone businesses, and worked with neighbors regarding zone programs and projects.

The departure of Thomson in 1997 significantly reduced zone revenues and led the BUEA to work with the State board to expand the Zone with its first five-year renewal in 2002 ([Resolution 01-26](#)). As a cost-saving measure, the BUEA also agreed to let the City serve as administrator in 2000.

In 2005, the City took steps to obtain what it foresaw as the second and final five-year extension ([Resolution 05-20](#)), which was to expire January 31, 2012. Around the same time, the primary revenue source for the Zone switched from a credit on an inventory tax, which was phased-out by the State, to an Enterprise Zone Loan Interest Credit. By 2011, the Enterprise Zone Investment Deduction (EZID) became the primary source of revenue.

In 2010, as a result of a change in State law, the City adopted [Resolution 10-12](#), which extended the Zone for a third five year period (until January 31, 2017). Then, in 2016, as a result of another change in State law, the Council had another opportunity to extend the Zone for one more year until January 31, 2018.

Effective July 2018, the Indiana General Assembly made another change to State statute allowing a fiscal body of a municipality to renew a Zone for an additional five years. [Resolution 19-02](#) authorized that change and renewed the Zone for the period from January 1, 2019 to December 31, 2023. Note that the 2018 changes made by the Indiana General Assembly shifted certain functions away from the Indiana Economic Development Corporation and authorized similar functions to be performed by: (1) the BUEA and (2) the



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fiscal body of the municipality (the Council) in which the enterprise zone is located. These functions included: imposing additional fees on certain zone businesses (I.C. [5-28-15-5.7\(b\)](#)), modifying zone boundaries (I.C. 5-28-15-5.7(a)(3)), and/or disqualifying a business under the zone (I.C. 5-28-15-5.7(c)).

Beyond the requested five-year extension of the Zone, no changes are requested that require Council authorization at this time.

Contact

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