

RESOURCES AND INCENTIVES

BOND FINANCING

Municipal bonds are debt obligations issued by state and local government units and agencies to finance services and facilities. There are two kinds of municipal bonds: general obligation bonds, debt service on which is secured by a pledge of the full faith and credit (and using taxing authority) of the governmental issuer; and revenue bonds, which are payable from and primarily secured by the revenues from the projects or programs they finance. Interest on bonds issued by or on behalf of state and local governments is generally not subject to federal income tax. However, if non-governmental entities benefit to the degree that classifies the obligations as private activity bonds, the interest is taxable. The exceptions to this are certain qualified bonds. Qualified bonds include exempt facility bonds, redevelopment bonds, small-issue bonds, mortgage and veterans mortgage bonds, and 501(c)(3) bonds. Taxable bonds are another financing source which are usually not as advantageous as tax-exempt bonds, but in some circumstances, may generate lower interest rates than conventional bank loans because of economies of scale from large bond issues and in some cases, exemption from state income tax. Since the late 1960s, numerous revisions to tax laws, designed to restrict the eligible uses and overall volume of tax-exempt financing, have occurred at the national level. The Tax Reform Act of 1986 represents the most recent, substantial revisions.

General Obligation Bonds. GO bonds can be used for a variety of projects. Proceeds of GO bonds can be issued either directly for economic development purposes or indirectly by providing for infrastructure improvements. The amount of GO bond debt that a governmental unit can have outstanding is limited by either a constitutional or statutory debt limit. The debt limit is defined as a percentage of the assessed valuation of the governmental unit. The issuance of GO bonds requires approval of taxpayers located within the boundaries of the unit issuing the debt. The GO bonds are secured by the special unlimited ad valorem property taxes of the governmental entity. The City of Indianapolis has used its ability to issue GO bonds to pay for public works projects and infrastructure projects. In addition to the City of Indianapolis and its special taxing districts and Marion County, there are a number of authorities that have the legal authority to issue GO bonds. These entities include, but are not limited to, the Health and Hospital Corporation, the Indianapolis Airport Authority, and the Indianapolis-Marion County Library.

Revenue Bonds. Revenue bonds are obligations that are secured by a specific revenue source. This source of revenue in most cases would be a special tax. In some instances, revenues of a project may be used as security. The City, the Capital Improvements Board of Managers, and the Airport Authority are some of the local entities that may issue revenue bonds. The City may issue revenue bonds in a number of forms. Examples are shown below.

Tax Increment Financing (TIF) Bonds. TIF Bonds, also known as Redevelopment Bonds, are one type of revenue bond. In a tax increment financing, the City establishes an allocation area. The incremental property taxes collected from the growth in the allocation area are used to pay the debt service on the bonds that were issued to spur the economic growth. Often the proceeds of the bond are used to assemble land, write down land costs to private developers, or to provide relocation.

Special Revenue Bonds. These bonds pledge a specific source of revenues to pay debt service. For instance, county option income tax and wheel tax revenues are taxes that have been pledged for certain bond issues. The City has also pledged golf course revenues for bonds issued to

improve its golf courses. The Airport Authority uses revenues of the airport to finance its bond debt service.

Lease Revenue Bonds. Lease Revenue Bonds are another type of revenue bond. The City and County may indirectly issue debt by entering into a lease with the Indianapolis-Marion County Building Authority. In this case, the Building Authority issues bonds to build or improve a public structure and leases that structure to the City or County. The lease payment from the City or County is the revenue that secures the bonds. In most cases, the lease payment is derived from a property tax levy. The Capital Improvement Board uses its food and beverage tax and innkeepers tax to secure leases it enters into with the Marion County Convention and Recreational Facilities Authority (MCCRFA). MCCRFA issues bonds to build or renovate convention and sports structures.

Industrial Development Bonds (IDB). Also known as Qualified Small-Issue Bonds and Industrial Revenue Bonds, IDBs are tax exempt revenue bonds issued by a governmental unit on behalf of a private organization. The private entity is liable for all debt payments. The governmental unit has no liability. Eligible entities generally must be small manufacturing facilities or not for profit corporations.

Section 501(c)(3) Bonds. The 1986 tax act established 501(c)(3) bonds which are obligations issued to finance activities of 501(c)(3) tax-exempt, non-profit organizations. At least 95% of the net proceeds of a 501(c)(3) bond issue must be spent for activities related to the exempt purpose of the non-profit for which the bonds are issued. Additionally, the bond financed property must be fully owned by the non-profit or governmental unit and at least 95% of the net proceeds must be used by the non-profit or governmental unit and be secured by payments or property of the non-profit or governmental user.

Special Improvement District Bonds. Special Improvement Districts can be created by request of the Metropolitan Development Commission to the City-County Council to finance redevelopment projects. Bonds can be issued with income obtained from an additional special tax levied on all taxable property within the districts. Project eligibility is limited to public improvements which provide special benefits to the taxpayers within the districts. These districts are related to the tradition of Barrett Law which permits certain public boards to create special districts, levy special taxes, and issue bonds to fund needed improvements such as sewers and roadways that benefit special groups.

TAXES AND TAX-RELATED INCENTIVES

County Adjusted Gross Income Tax (CAGIT). Each county in the state may impose a CAGIT for the any governmental purpose. CAGIT may not be imposed in a county that has imposed a county option income tax. The tax base is the Indiana adjusted gross income for county residents and non-residents that work in the county. The minimum rate for resident county taxpayers is .5 percent and the maximum rate is 1.0 percent. The rate for non-resident county taxpayers is .25 percent.

County Option Income Tax(COIT). COIT is a county payroll tax collected by the State and distributed to the county that imposed the tax. COIT can be used for any General Fund purpose. COIT may also be used as security for the City's long term debt obligations. A county's COIT is shared by certain taxing districts within that county. For resident county taxpayers, COIT is initially imposed at a rate of .2 percent and increases annually by .1 percent to a rate of .6 percent. The maximum rate is .6 percent, however, a second ordinance must be adopted by a county income tax council in order to exceed .6 percent.

County Motor Vehicle Excise Surtax and County Wheel Tax. The excise surtax may be imposed on passenger cars, motorcycles, and trucks with a gross weight of 11,000 pounds or less. The wheel tax may be imposed on buses, recreational vehicles, semitrailers, tractors, trailers, and trucks not subject to the excise surtax. Marion County collects both taxes. Revenues are used to construct, reconstruct, repair, or maintain streets. In addition, these revenues can be used to secure debt issued by the City.

Cumulative Capital Development Funds. The City and County may collect a tax levy based on a specified rate to fund public improvements and capital purchases.

Economic Development Income Tax. EDIT is a payroll tax which Marion County is eligible to adopt. However, the combination of the EDIT and COIT taxes together in a single county may not exceed 1.0 percent. EDIT revenues typically fund public works projects and economic development projects. EDIT projects may occur in specific districts, or the entire county may be designated to share in EDIT revenues.

Economic Improvement Districts. Economic Improvement Districts may be used to fund economic development projects in special districts, and to fund special need programs (such as in planning, promotion, operation, maintenance, and special security), with these projects and programs to be funded by a special assessment in the district. An Economic Improvement Board (EIB) of three members can be established by City-County Council for a district and would consist of at least two members who own property in the district. An EIB would use the funds in a manner specified by the Council Ordinance establishing the particular EID. The district may not issue bonds.

Food and Beverage Tax. Marion County has an additional one percent sales tax on the purchase of food and beverages. These revenues are used by the Capital Improvements Board.

Innkeepers Tax. Marion County has a five percent tax on hotel and motel room rates. Revenues are used by the Capital Improvements Board.

Tax Abatement. Property taxes, for both real property and personal property, that would normally occur due to new development, and manufacturing equipment purchases, can be abated with the taxes scheduled to be phased in over a period of years. Property taxes can be abated for three, six, or ten year

periods. Taxes on eligible manufacturing equipment can be abated according to a five year schedule. The Tax Abatement Program has been a popular incentive for retaining and attracting businesses.

Tax Increment Financing. TIF is a method of raising additional capital within declared districts to pay for needed improvements within those districts. The districts are established by the MDC. The base of existing assessed valuation is frozen with the incremental revenues obtained by the taxes on new development in the TIF District then becoming available to fund improvement projects

Housing Tax Increment Financing. HoTIF is based on the TIF concept except that its use is limited to housing redevelopment. It also differs from TIF in that the base assessment of property improvements also can go to fund district projects.

Low Income Housing Tax Credits (LIHTC). LIHTC is a tax credit for the acquisition, rehabilitation, or construction of low-income rental housing. Projects must have at least 20 percent of the units set aside for families with incomes no higher than 50 percent of area median or at least 40 percent of the units earmarked for families at or below 60 percent of median (with adjustments for family size). Gross rents, excluding federal rent subsidies such as Section 8, for low-income units can't exceed 30 percent of the qualifying income limit. The low-income occupancy requirement must be met continuously for a period of 15 years beginning on the first day of the first taxable year in which the credit is claimed. The credit on a project is provided annually for a 10-year period. The credit is computed on the depreciable basis of the low-income units. The credit rate set by the Treasury provides a total credit over the 10-year period that is equal, on a present-value basis, to 30 percent of the cost of acquisition and 70 percent of the cost of rehabilitation or construction. However, the lower credit applies to construction or rehabilitation which is federally subsidized (e.g., financed with tax-exempt bonds). Each state has \$1.25 per capita in annual tax credit authority, and projects must receive an allocation of credit authority unless they are financed with tax-exempt bonds. (No allocation is required for bond-financed projects since tax-exempt bonds are already subject to state volume ceilings.) The State of Indiana administers the program and allocates the credit authority.

New Markets Tax Credit Program

The New Markets Tax Credit (NMTC) will stimulate \$15 billion of equity investments in the economic development of low-income communities starting with \$2.5 billion in 2002. That makes New Markets potentially the federal government's most important new important economic development tool for low-income communities in a generation.

The NMTC is a modest subsidy. It can make a marginally profitable investment attractive, but it probably will not make an unprofitable investment into a good one. Investors would generally require cash flow and a return of capital or capital appreciation in addition to the tax credits. The NMTC is very flexible, and can be used for a wide range of purposes. For the many communities that could benefit from the NMTC, the first step is to understand how it will work.

In brief, the Community Development Financial Institutions (CDFI) Fund, part of the U.S. Treasury Department, will (1) certify qualified community development entities (CDEs) and (2) conduct competitions for the allocation of NMTCs to CDEs. CDEs would use the tax credits to raise capital from private investors for a term of at least seven years. The (3) size of the NMTC is 39% (30% in present value terms) of the (4) qualified equity investments in CDEs. (5) Substantially all or at least 85% -- of the investors' equity must be used for (6) qualified community investments in (7) qualified active low-

income community businesses located in (8) low-income communities. Credits are subject to (9) recapture in some circumstances.

Note: This summary reflects guidance and temporary regulations issued in December 2001, which are subject to comment and revision.

FEDERAL, STATE, AND LOCAL PROGRAMS

In addition to bond financing and tax revenues/incentives, there are a number of Federal, State, and local programs listed below which can facilitate economic development. Many of these programs are “categorical”, offering grants, loans, or loan guarantees to eligible entities which compete successfully based on established criteria for an expressed purpose. Other programs such as the federal Community Development Block Grant (CDBG) allocate funds directly to states (for non-entitlement areas) and certain local entitlement jurisdictions based on an “entitlement” formula. CDBG funds can be used for a wide range of activities and local priorities. Local entitlement jurisdictions have the option of directly administering CDBG programs or making programs available through non-profits. In some cases, CDBG funds can be provided directly to for-profit entities which create or retain jobs, a majority of which are for low- and moderate-income persons. In reviewing this list, please note that the programs/resources referenced here have specific eligibility requirements, application procedures, jurisdictional targeting, and so forth. This list does not attempt to detail such requirements, but rather is limited to providing general information. Further information about the programs listed here can be obtained through one or more of the following agencies: EDA, SBA, HUD, City of Indianapolis Department of Metropolitan Development, the Indy Partnership, the Indiana Department of Commerce, and the Indiana Housing Finance Authority.

ECONOMIC DEVELOPMENT ADMINISTRATION

The Federal Public Works and Economic Development Act of 1965 (Public Law 89-136) created the Economic Development Administration to replace the Area Redevelopment Administration, which was created on an experimental basis in 1961 to deal with the problems of long-term unemployment and underemployment in rural areas. The role of EDA has subsequently been expanded to include economic development assistance to cities and urban areas as well as rural areas. All of EDA's programs are categorical and are awarded to eligible applicants for a specific purpose. A local government may apply for aid under the public works, technical assistance, and planning programs, and encourage private business to apply for aid through EDA's business development program. Although loans are authorized, most of EDA's assistance is provided in the form of grants to eligible entities. EDA often requires that areas seeking its assistance be designated by EDA as eligible areas prior to the formal filing of an application for assistance. Areas may receive designations from EDA as redevelopment areas, public works impact program areas, economic development districts, or economic development centers. Generally, redevelopment areas and economic development districts must have an approved Overall Economic Development Plan (OEDP) prior to their designation by EDA. More recently, EDA will consider the availability of an Empowerment Zone/Enterprise Community designation and Base Closure Studies as evidence of requisite local planning. The geographic area to be developed with EDA assistance may be as small as a neighborhood or it can encompass an entire county or multi-county district. **Information about EDA programs can be obtained by calling 317-226-6104 or 614-469-7314.** EDA programs include:

Public Works Loans and Grants. Public works assistance can be used to acquire, construct, rehabilitate, or expand land or facilities for public works, public service, or development projects, including their equipment, that will create long-term economic improvement in that area. Projects are to be consistent with an area's OEDP. EDA offers direct grants and loans, public works impact grants, and supplementary grants for public works assistance. Grant funds are disbursed for costs incurred after all contracts for construction have been awarded. Direct grants from EDA may cover up to 80 percent (100 percent where all taxing authority is exhausted) of the total eligible project costs. Grants are made on the basis of a project's ability to improve the economic development of an area and to create, either directly or indirectly, long-term jobs.

Technical Assistance Grants and Services. EDA's technical assistance program is not limited to designated areas or redevelopment districts. It consists of technical assistance either directly through EDA or through federal contracts and technical assistance grants.

Planning Grants. EDA is authorized to make planning grants under Sections 301(b) and 302(a) of the Public Works and Economic Development Act 1965. Section 301(b) planning grants have primarily been used in multi-jurisdictional and rural areas, although urban areas can apply for assistance under this program if they can establish their eligibility. Better suited to urban areas is assistance under the Section 302(a) state and local economic development planning grants program. However, funding under Section 302(a) is limited and grants usually carry a commitment for continued funding from EDA, making it difficult for areas not already receiving the grants to enter the program.

Title IX Special Economic Development Adjustment Assistance Grants. Adjustment assistance grants are available for areas with "long-term economic deterioration" as well as for areas threatened with or experiencing sudden and severe economic dislocation due to sharp increases in unemployment due to the loss of one or more major employers. Strategy development grants for planning and strategy implementation grants are available under the program. Grants are normally given up to a maximum of 75 percent of the proposed project's cost.

SMALL BUSINESS ADMINISTRATION

The U. S. Small Business Administration (SBA) administers a number of programs designed to assist small commercial and industrial concerns which meet SBA's definition of small business. SBA has provided direct loans in the past, but, most of its assistance is in the form of loan guarantees to businesses which could not otherwise receive conventional financing. The SBA also offers free management counseling to small businesses through partnerships with universities. The Indianapolis District Office of the U. S. Small Business Administration can be contacted at **226-7272**. An on-line service is also available: **800-859-INFO (2400 baud modem), 800-697-INFO (9600 baud modem)**. The SBA's Minority Business Development Agency which provides financial and technical support can be contacted at **226-7254**. SBA programs include:

7(a) Loan Guaranty. This is SBA's primary business loan program. Under 7(a), the SBA guarantees loans to small businesses that cannot obtain financing on reasonable terms through other channels. Lenders, not the SBA, approve and service the loans and request SBA guaranties. The guaranties reduce risks to the lenders and expand their ability to make small business loans. Loan proceeds from the 7(a) Program can be used for business start-ups, expansion, equipment purchases, working capital, inventory or real estate acquisition. Generally, the SBA can guarantee up to \$750,000 of a private-sector loan; as much as 80 percent on loans of \$100,000 or less and 75 percent on loans of more than \$100,000. The interest rate may not exceed 2.75 percent over the prime lending rate except for loans under \$50,000, where the rates may be slightly higher. Maturities can extend to 10 years for working capital and 25 years for fixed assets. There are a number of specific loan programs under the 7(a) Program which include:

- **Low Documentation Loan (LowDoc).** LowDoc features a one-page SBA application for small business loans of \$100,000 or less, cutting the paperwork burden for small businesses and lenders. Once the applicant has satisfied the lender's requirements, the lender and applicant jointly complete the one-page guaranty application. If approved, the SBA guarantees up to 80 percent of the loan, with a quick turnaround to the lender.
- **Women's Prequalification Loan.** This program enables the SBA to prequalify a loan guaranty for a woman business owner before she approaches a lender. The program focuses on an applicant's character, credit, experience and reliability rather than her collateral. An SBA-designated nonprofit intermediary, such as an SBDC, works with a woman business owner to review and strengthen her loan application. The review is based on key financial ratios, credit history, business history and the proposed use of the proceeds. This is a pilot program available at a limited number of locations.
- **Minority Prequalification Loan.** This pilot program is administered like the Women's Prequalification Loan (see above). However, this program is designed for qualified minority-owned companies and allows the use of for-profit intermediaries. This program is available at a limited number of locations.
- **CAPLines.** CAPLines offers five types of loans to finance the short-term, cyclical working-capital needs of small businesses. Under this program, loan proceeds generally will be advanced against a borrower's existing or anticipated inventory and /or accounts receivable.
- **FA\$TRAK.** A new loan program, piloted with selected banks nationwide, FA\$TRAK provides an additional incentive to lenders to make small business loans. Participating banks

use their own documentation and procedures to approve, service and liquidate loans of up to \$100,000. In return, the SBA Guarantees up to 50 percent of each loan.

- **Export Working Capital Program (EWCP).** The EWCP provides short term financing to small businesses for export-related transactions. Proceeds from the export sales are the primary source of repayment. Under the EWCP, the SBA guarantees up to 75 percent of a secured loan (80 percent of loans of \$100,000 or less) or \$750,000, whichever is less. Typically, maturities match a single transaction cycle with a term of up to 18 months or support a line of credit with a term of up to 12 months.
- **International Trade Loan (ITL).** This program provides short-and long-term financing to small businesses involved in exporting, as well as businesses adversely affected by import competition. The SBA can guarantee up to \$1.25 million for a combination of fixed-asset financing and permanent working capital.
- **Defense Loan and Technical Assistance (DELTA).** The DELTA Program provides both financial and technical assistance to help defense-dependent small firms adversely affected by defense cuts diversify into the commercial market. Loans must be used to retain jobs of defense workers, create new jobs in impacted communities, or to modernize or expand in order to remain in the national technical and industrial base. Loans may be made under the 7(a) and/or 504 programs.
- The maximum loan amount under DELTA is \$1.25 million. The SBA also leverages federal, state and private-sector resources to provide a full range of management of technical assistance.

7(m) MicroLoan. The MicroLoan Program provides short-term loans ranging from under \$100 to \$25,000 for small-scale financing purposes such as inventory, supplies and working capital (but not to pay existing debts). Loans are made through over 100 SBA-approved nonprofit groups, which also provide the counseling and educational assistance needed for success. This is a pilot program available at a limited number of locations.

504 Certified Development Companies. The 504 program provides long term, fixed-asset financing through certified development companies. The nonprofit organizations are sponsored by private interests or by state and local governments. The SBA can guarantee debentures covering as much as 40 percent of a 504 project, up to \$1 million. DELTA funding is also available under this program.

Certified and Preferred Lenders. Certain active and expert lenders qualify for the SBA's Certified and Preferred Lenders Program. Certified Lenders receive a partial delegation of authority to approve loans. Preferred lenders enjoy full delegation of lending authority. A listing of participants in the Certified and Preferred Lenders Program is available through SBA's field offices.

Service Corp. of Retired Executives (SCORE). Sponsored by the SBA, this program provides free counseling and low cost training to small businesses through the volunteer services of retired business men and women.

Small Business Investment Companies. Small Business Investment Companies (SBICs) are privately owned, SBA-regulated companies, incorporated under state law. Their purpose is to provide equity

capital and long-term financing for small business concerns and for the sound financing of their business operations and growth, expansion, and modernization. SBICs may also provide management assistance. SBICs have the authority to borrow money and to issue debentures and promissory notes. The SBA is authorized to purchase or guarantee the timely payment of SBIC debentures.

Capital Gains Tax Incentive for Investment in Small Business Under 1993 Revenue Act. Major economic incentives for the investment in SBICs were provided by Sections 13113 and 13114 of the Omnibus Budget Reconciliation Act of 1993 which added Sections 1202 and 1044, respectively, to the Internal Revenue Code of 1986. Under the provisions of Section 13113, investors may exclude from federal capital gains taxation half of any gain from the sale or exchange of qualified small business stock held for more than five years. A qualified small business stock is defined as a stock in a C corporation originally issued after the date of the Omnibus Budget Reconciliation Act of 1993 (August 10, 1993). Under Section 13114, taxpayers may roll over a certain portion of the gain from a publicly traded security if the proceeds are reinvested in a specialized small business investment company within 60 days of the sale. A specialized small business investment company means any partnership or corporation which is licensed by the SBA under Section 301(d) of the Small Business Investment Corporation Act, as in effect on May 13, 1993.

ENTERPRISE ZONES

Enterprise zones are areas designated at the State or Federal level for economic revitalization. There is a formal application process and a number of detailed requirements and criteria which must be met (by the area proposed for zone designation) in order for a community to be granted an enterprise zone. Some zones can be designated in rural areas although most tend to be urban in character.

State enterprise zones. State zones are designed to spur redevelopment in depressed urban areas. Businesses in these zones can be eligible for a number of special incentives including a gross income tax exemption for new receipts generated within the zone, a tax exemption on interest earned on loans within the zone, an exemption from the inventory tax, and employer tax credits on resident employee wages. Indiana's program originally authorized the designation of a maximum of ten zones throughout the state (with an addition of two per year) and a maximum of one per city. Indianapolis has a state-designated enterprise zone generally located in the near northeast portion of the city. This zone is administered by the Indianapolis Urban Enterprise Association (IUEA). IUEA staff can be contacted at: 2507 Bloyd Avenue, Indianapolis, IN 46218 , Phone: (317) 974-4420 , Fax: (317) 974-4430, <http://www.u-e-a.org>

Federal enterprise zones. Launched in 1993, the Empowerment Zone and Enterprise Community (EZ/EC) Initiative is an interagency effort focused on the creation of self-sustaining, long-term development in distressed urban and rural areas throughout the Nation. The Initiative is based on a holistic, participatory approach that requires community stakeholders to work together to develop and implement comprehensive strategic plans for revitalization. Using a combination of Federal tax incentives and flexible grant funds, these partners are reinvigorating many communities that have been in decline for decades. Businesses are opening or expanding, residents have greater access to jobs, services, and new economic opportunities, and crime and violence are down. For more information about Indianapolis' Enterprise Community, contact **Renia Colbert, 327-5869.**

Enterprise Zone Designations. In order to be considered for designation as an empowerment zone or enterprise community, an area must be nominated by at least one local government and the state or states in which it is located. An application must include a strategic plan which

details the manner in which the objectives of the zone designation will be accomplished. In addition, the applicant must identify those state and local government resources, as well as private sector resources, that will be made available in order to assist in carrying out the objectives of the strategic plan. A zone can cross jurisdictional lines and can include an area which is located in more than one city and in more than one state. The zone boundaries must be contiguous. Rural areas, however, located in more than one state can consist of up to three noncontiguous parcels. In order to be eligible for designation, an urban area (i.e., a jurisdiction lying within a Metropolitan Statistical Area) must have a population not exceeding 1) 200,000, or 2) the greater of 50,000 or 10 percent of the population of the most populous city located within the nominated area. A rural area (lying outside an MSA) can have a population of up to 30,000. In order to be considered for zone designation, an area must demonstrate factors of pervasive poverty, unemployment, and general distress. Of the six empowerment zones to be designated under the legislation, at least one is to be a city with a population of 500,000 or less, and at least one will be in an area that includes two states and have a population of 50,000 or less. The aggregate population of all six urban empowerment zones is not to exceed 750,000. A nominated urban area cannot exceed 20 square miles and a rural area cannot exceed 1,000 square miles. The poverty rate for each population census tract within the nominated zone cannot be less than 20 percent. In addition, at least 90 percent of the census tracts within the nominated zone must have at least a 25 percent poverty rate, and 50 percent of the census tracts must have at least a 35 percent poverty rate. The designations for urban zones are made by the Secretary of HUD, while the Secretary of Agriculture is to designate the rural zones. Designated zones are to remain in effect until either the end of the 10th year; the termination date designated by the state and local government in the nomination; or upon revocation by the Secretaries of Housing and Urban Development or Agriculture, whichever is appropriate. Tax benefits under the program are set to expire at the end of 2004.

Tax Benefits. Federal empowerment zones can provide all of the four special federal tax benefits listed below. However, enterprise communities can only offer the tax-exempt bond financing incentive for qualified businesses located within the designated area. For more information about the incentives available in the Indianapolis Enterprise Community consult the U.S. Department of Housing and Urban Development publication, *Tax Incentive Guide for Businesses in the Renewal Communities, Empowerment Zones and Enterprise Communities* available online at <http://www.hud.gov/offices/cpd/economicdevelopment/news/taxincentives051701.pdf>

Employer Wage Credit. Businesses located within an empowerment zone may receive an employer wage credit equal to 20 percent per taxable year of the first \$15,000 paid to an employee who resides in the zone and does most of his or her job there. This credit is reduced to 15 percent in 2002, 10 percent in 2003, and 5 percent in 2004, with no credit after that year. This credit can be used for existing jobs as well as for newly created employment. An empowerment zone employment credit may offset 25 percent of the qualified business' minimum federal tax.

Increased Expensing. Under Section 179 of the Internal Revenue Code of 1986, a taxpayer may elect to treat the cost of certain property as an expense, thereby permitting a deduction for the taxable year the property is placed into service. Under the 1993 legislation, the allowance for expensing under Section 179 has been increased by the lesser of \$20,000 or the cost of Section 179 property that is

qualified enterprise zone property placed in service during the taxable year. The normal business expense allowed under Section 179 is \$17,500.

Contributions to Community Development Corporations. A 5 percent annual credit under Section 38 of the Internal Revenue Code of 1986 (General Business Credit) is permitted for a 10-year period for qualified cash contributions to a designated community development corporation (CDC). The aggregate amount of credit-eligible contributions to a CDC cannot exceed \$2 million.

Tax-Exempt Facility Bonds. Entities within an enterprise zone may issue up to \$3,000,000 in tax-exempt facility bonds for acquisitions of qualified facilities. At least 95 percent of the proceeds are to be used to provide any enterprise zone facility. An enterprise zone facility is any qualified zone property in which the principal user is an enterprise zone business. Acquisition of land and existing property is permitted under this provision. The aggregate outstanding amount for all enterprise zone facility bonds cannot exceed \$20,000,000.

CITY OF INDIANAPOLIS, ECONOMIC DEVELOPMENT

Provides guidance of the city's economic development policy, participates in business development support, and oversees permitting processes and tax incentive program packaging that enables business development. Melina Kennedy is the contact. **Tel.: 327-3687.**

THE INDY PARTNERSHIP

The Indy Partnership is a not-for-profit business development organization that assists in retention and expansion of existing companies as well as attraction of businesses to Indianapolis. Services include facility and site-search assistance, demographic and market data, and identification of (and initial access to many) Federal, State, and local economic development financing options, training and assistance programs, and tax/other incentives. The Indy Partnership staff can be contacted at **41 East Washington Street, Indianapolis, IN, 46204, Tel.: (317) 236-6262.** Incentives include, but are not limited to:

Training. Funds are available to assist companies training new employees or retraining existing employees. Special assistance for recruiting and screening is available to help provide the best workforce possible. A specific training program for business and industry can be developed with Ivy Tech State College in Indianapolis.

Infrastructure. If the appropriate utilities and roads are not suitable for a chosen site, funds are available to improve or upgrade the infrastructure.

Tax Abatement (also described in Part II and the Dept. of Metropolitan Development section of Part III). This incentive can reduce the property taxes of a corporation for real property. The increase in assessed valuation due to improvements can be abated on a graduated scale over a 3, 6, or 10 year period. Personal property (manufacturing machinery and equipment) new to Indiana can also be abated on a graduated scale over a 5 or 10 year period.

Greater Indianapolis Foreign Trade Zone. Companies that import or export products or component parts receive benefits including deferring, reducing or avoiding customs, duties and other taxes, avoiding inventory taxes, reducing insurance costs, and providing a quicker drawback recovery in goods destined for export.

Financing. Opportunities for financing include industrial revenue bonds (fixed assets), Mid City Pioneer Development Corporation (fixed assets), and Cambridge Capital Management Corporation (venture capital funds).

Corporate Income Tax Credits. The Economic Development for a Growing Economy (EDGE) program provides companies corporate income tax credits for up to 10 years. The EDGE credit is limited to the incremental income tax withholdings attributable to new jobs created. Credits go toward paying a company's corporate income tax. If any credits remain, that amount is given directly to the company.

Interstate Inventory Tax Exemption. Inventory taxes are modest with a significant exemption relating to shipments made out of state. Inventory taxes are not paid on shipments out of Indiana.

Urban Enterprise Zone (also described elsewhere in this section). Provides special benefits for a 1.58 square mile area in the heart of Indianapolis. The benefits are inventory tax abatement (100%), exemption from state gross income tax, plus a wage tax credit.

INDIANAPOLIS DEPARTMENT OF METROPOLITAN DEVELOPMENT (DMD)

Indianapolis’ tax abatement activities and tax incentives related to “dinosaur” buildings are administered by DMD. Local Industrial Revenue Bonds are also issued through DMD. In addition, a number of HUD-funded entitlement programs are locally administered by the Indianapolis DMD. These HUD-funded entitlement programs provide financial assistance in a variety of forms for affordable housing, economic development and job training, homeless support, special needs and other community development activities. The HUD programs include Community Development Block Grant, Economic Development Initiative, Section 108 Loan Guarantee, Home Investment Partnerships, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS. DMD staff can be contacted at **200 E. Washington Street, Suite 2001, Indianapolis, IN, 46204, Tel.: 327-4141**. More information about DMD-administered tools and incentives is provided below:

Tax incentives include:

Real Property Tax Abatement. The increases in assessed valuation due to improvements are abated over a 3, 6, or 10-year period based on a graduated scale. Approval of abatements by the Metropolitan Development Commission is required.

Personal Property Tax Abatement. Taxes on the purchase of new machinery used in the direct manufacture of goods are abated over a five or ten year period based on a graduated scale.

The following factors are policy criteria that Marion County Economic Development staff may consider in making recommendations to the Metropolitan Development Commission and are intended to provide guidance in making determinations.

The factors may include the extent to which the Project or the Equipment:

1. Creates full-time permanent jobs (and associated wages/salaries);
2. Retains full-time permanent jobs (and associated wages/salaries);
3. Involves the hiring of employees who reside in Marion County;
4. Results in investment in real or personal property and the level of the investment;
5. Increases the property tax base;
6. Avoids environmental harm or involves remediating or removing environmentally hazardous materials and/or substances;
7. Results in the securing, attraction, or expansion of a Targeted Business or any other business that constitutes a substantial benefit to the local economy (as of the date of this Resolution, Targeted Businesses include those in the information technology, advanced manufacturing, and life science industries);
8. Results in providing community benefits;
9. Results in the use of local suppliers and/or services in the construction and/or
10. operation of the facility;
11. Supports a disadvantaged business, including, but not limited to, a minority or woman-owned business enterprise; and/or
12. Results in the securing, attraction, or expansion of a “headquarters” facility.

Other policy factors that may be considered include:

1. The amount of other economic development incentives previously used by, currently used by, or currently available to the Applicant;

2. The cost of the abatement to the City in terms of necessary, governmental services versus the benefits received by the City as a result of the Project or Equipment;
3. Whether the wages/salaries of jobs associated with the Project exceed the Marion County minimum average wage rate by 10% or more (excluding benefits and overtime), as determined by Staff from time to time; and/or
4. Whether the Project or Equipment lies within the pre Uni-Gov City corporate limits.

"Dinosaur Buildings". Provides tax incentives to offset costs of adapting outmoded, obsolete facilities for reuse. Approval by the Metropolitan Development Commission, City-County Council and the state is required.

Industrial Revenue Bonds (IRB). Private companies may use Industrial Revenue Bonds for fixed-asset financing. Because these bonds are tax exempt, and offered at a lower rate of interest, they offer savings to the company financing the project.

Brownfield Redevelopment Initiative: The Brownfield Redevelopment Division provides technical assistance for the redevelopment of abandoned, idle, or underutilized industrial or commercial property to promote economic growth, community development, and neighborhood revitalization. This program is designed to establish infrastructure to aid the redevelopment efforts of the City of Indianapolis, private entities and not-for-profit groups by identifying and mitigating environmental barriers that impede neighborhood revitalization and economic growth of the City.

The City has identified three key areas to focus its efforts:

Technical Assistance - Guide all stakeholders through the state and federal cleanup requirements.

Financial Assistance - Establish programs and processes to aid in the financing of brownfield projects.

Education and Outreach - Promote responsible brownfields redevelopment, the City will educate stakeholders on the brownfields redevelopment process and market local, state and federal resources available to stakeholders.

Brownfield resources available are the brownfields remediation revolving loan, Community Development Block Grant funds, Brownfields Toolbox, and the Brownfield Properties Catalog. The contact for this program is Kyle Hendrix, Brownfields Coordinator. He can be contacted at **200 East Washington Street, Suite 2042, Indianapolis, IN 46204, Tel.: 327-5845**

HUD programs include:

Community Development Block Grant Program. As an entitlement city, Indianapolis annually receives HUD-sponsored CDBG monies. Eligible programs and projects include a wide range of community and economic development activities aimed at revitalizing decayed or decaying urban areas and benefiting low- and moderate-income persons. The City currently uses a portion of its CDBG funds for job training/placement programs, infrastructure projects in support of economic development, a business lending program for socially/economically disadvantaged, and neighborhood-based housing and economic development activities.

Economic Development Initiative (EDI). This HUD-sponsored program provides funding to local communities for a range of economic development projects on the basis of a national competition. EDI funds must be used in conjunction with the HUD Section 108 Loan Guarantee Program. The City is currently using a \$3.2 million Section 108 loan and a 450,000 (HUD) Economic Development Initiative Grant in conjunction with Eastside Community Investments, Inc. for reuse of the former Nabisco Plant and development of a neighborhood health facility and a mixed use residential/commercial node.

Section 108 Loan Guarantee Program. This HUD-sponsored program provides a source of funding for economic development, housing rehabilitation, and other substantial projects. This is accomplished through a HUD guarantee of notes held by public entities. In return for the HUD guarantee, these public entities pledge their future Community Development Block Grant (CDBG) and in some cases, other forms of security, toward repayment. Guaranteed by HUD and backed by the full faith and credit of the United States, Section 108 notes are issued to investors through private underwriters. Localities are responsible for full repayment of Section 108 notes even though the notes are guaranteed by the Federal government. Localities have the option of repaying the Section 108 obligation directly using their block grant or they can reloan Section 108 proceeds to third parties. When the obligation of repayment is passed to a third party, the pledge of future CDBG funds serves as security, and may never actually be expended. The City has been approved for a \$7.6 million Section 108 Loan for several projects under development.

Other federal agencies including the Departments of Commerce, Health and Human Services, and Department of Labor, in the past, have assisted projects and programs, such as construction and job training, that involve or impact economic development.

STATE OF INDIANA

The State assists localities through such agencies as the Indiana Housing Financing Authority (IHFA) which makes lower rate mortgage money available to first time home buyers and also administers the State (HUD-funded) HOME Program and some CDBG affordable housing activities. Staff of the IHFA can be contacted at: **115 W. Washington Street, Suite 1350, Merchants Plaza South Tower, Indianapolis, IN, Tel.: 232-7777**. The Indiana Department of Labor's Bureau of Safety Education and Training (BUSET) aids businesses in meeting current IOSHA standards and developing comprehensive safety and health programs through free on-site education and training sessions. BUSET staff can be contacted at **232-2688**. The Indiana Department of Commerce provides a range of business development resources and financial assistance programs for business. Staff of the Business Development Division of the Department of Commerce can be contacted at: **One North Capitol, Suite 700, Indianapolis, IN, 46204-2288, Tel.: (317) 232-8888 or (800) 662-7832**. Business development assistance includes:

Industrial Development Grant Fund. A state-funded program providing assistance to local units of government for off-site infrastructure projects in support of new business development. Eligible uses include: construction, extension, or completion of sanitary sewer lines, roads, streets, water lines, sidewalks, railroad spurs and sidings; land acquisition; construction of airports, airport facilities, and tourist attractions.

Industrial Development Infrastructure Program (for non-entitlement areas). A federally-funded program providing assistance to eligible entities for infrastructure projects in support of job creation/retention activities for low to moderate income persons. Eligible uses include: construction, extension, or completion of sanitary sewer lines, roads, streets, waterlines, railroad spurs and sidings.

Training 2000. Financial assistance in the form of a grant for reimbursement of eligible training costs. Instructional costs to train new or existing employees, including instructor wages, tuition, and training materials. Eligible uses include: basic-skills training, transferable-skills training, company-specific skills training needed to support existing and future capital investment, quality-assurance training.

Economic Development for a Growing Economy (EDGE). This program provides tax credits based on payroll. Indiana individual income tax withholdings from company employees can be credited against the company's Indiana corporate income tax liability. Excess withholdings shall be refunded to the company. The credits have no effect on employees' income tax liability.

Tax Increment Financing (TIF). TIF revenues may be used for the purpose of developing an area. The revenues may be used to construct public improvements such as roads and sewers, to acquire real and depreciable personal property, and to retire debt incurred to fund the development activities.

Capital Access Program (CAP). CAP helps financial institutions lend money to Indiana businesses that do not qualify for loans under conventional lending policies. Loan proceeds must be used for commercial or industrial purposes for a project or enterprise located in Indiana that fosters the economic development of the state. Ineligible are: loans to finance passive real estate ownership, loans for that part of a project or development devoted to housing, loans for refinancing existing debt with the lender, loans to insiders of the lender.

Industrial Development Loan Fund. A state-funded revolving loan program providing assistance for industrial growth in Indiana. The loan is given to the city, town or county for use on its property. Eligible uses include: construction of airports, airport facilities, and tourist attractions; construction, extension, and completion of sewer lines, water lines, streets, sidewalks, bridges, roads, highways, and public ways.

Hoosier Development Fund. Eligible activities include, but are not limited to the following: purchase of manufacturing equipment, purchase of real property and structures (includes vacant structures), rehabilitation of facilities (vacant or occupied), construction of new facilities, purchase and installation of pollution-control equipment, housing developments. Other activities may be eligible.

Loan Guarantee Programs. Loan guarantees are available to finance land acquisition, building acquisition or improvements, structures, machinery, equipment, facilities and working capital.

Tax-Exempt Bonds. Tax-exempt bonds provide fixed-asset financing at competitive rates.

Indiana Community Business Credit Corporation (ICBCC). The ICBCC is a consortium of Indiana banks formed to engage in high-risk lending. ICBCC's participation in a project allows the funding of loans that exceed the limits banks ordinarily set based on conventional lending practices. Eligible uses include: primary working capital, subordinated working capital, long-term loans for new, equipment, first mortgages on existing properties as well as planned construction projects, second mortgages, leveraged buy-outs, subordinated debt/equity combinations. For more information contact: **Cambridge Capital Management Corporation (317) 469-9704**

Recycling Promotion and Assistance Fund. Provides loans to businesses to enhance the development of markets for recyclable materials. The loans are available for the acquisition and installation of specialized manufacturing equipment and machinery or the conversion of existing equipment and machinery for the manufacturing of products that contain recycled materials or for the final processing of secondary materials.

Industrial Energy Efficiency Fund. Provides loans to businesses to improve energy efficiency in the industrial process. The loans are available for the acquisition and installation of energy-efficient equipment.

Industrial Energy Efficiency Program. Provides grants to businesses to improve energy efficiency in the manufacturing process. The grants are available for acquisition and installation of energy-efficient equipment or to help small manufacturers identify, evaluate and prioritize energy-efficient improvements.

Tire Recycling Market Development Program. Provides grants to businesses involved in production of a product that uses scrap tires as a feedstock.

Urban Enterprise Zone Energy Program. Provides grants to commercial and manufacturing businesses to improve energy efficiency the areas of HVAC, lighting, building envelope and manufacturing-process equipment.

Alternative Energy Systems Program. Provides grants to businesses to fund eligible alternative-fuel technologies and infrastructure development. Eligible technologies include but are not limited to alternative fuels, landfill methane outreach, agricultural applications, geothermal heat pumps, wood waste boilers, and solar repair and service.

Strategic Development Fund. The program is designed to foster cooperation among Indiana businesses by emphasizing an industrywide or sector-based approach to business assistance. Eligible uses for the SDF program include, but are not limited to, establishing marketing, training technology development, and export development programs.

Enterprise Development Fund and Indiana Microloan Program. The Indiana Small Business Development Corporation (ISBD Corp.) has established a variety of local revolving loan funds to assist non-traditional Indiana entrepreneurs and businesses of different sizes.

Product Development/Commercialization Funding. The program provides loans for businesses in need of financing to support research and development projects, or to support commercialization of new technology. The program is targeted for projects which are not yet eligible for conventional bank financing or venture-capital financing. Funding is available for the development and commercialization of science- and technology-based products and processes.

Certified Development Companies. The program provides long-term, fixed-rate financing for a business's fixed-asset needs including: the purchase of land and or buildings, machinery and equipment, renovation and leasehold improvements.

International Trade Services. International-trade specialists offer assistance to Indiana companies in export development in order to increase the sale of Indiana products worldwide. Services include: determining export capability, conducting market research, providing export counseling, facilitating international contacts, participating in select over-seas trade shows, and leading overseas trade missions.

Trade Finance Program. The International Trade Division (ITD) works in partnership with Eximbank to provide export financing assistance to qualified Indiana exporters. ITD offers the following programs: 90% working-capital loan guarantees: the proceeds may be used to purchase finished products, materials, services and labor to produce goods for export; medium- and long-term export guarantees and loans: guarantees provide repayment protection for private-sector loans to creditworthy buyers of exported U.S. goods and services. Loans provide competitive, fixed-rate financing for U.S. export sales. Direct loans may be extended to foreign buyers of U.S. exports. Intermediary loans may be extended to fund responsible parties that extend loans to foreign buyers; export credit insurance: protects exporters against political and commercial risks.

Indiana Overseas Offices. Foreign offices representing the State of Indiana are located in the Netherlands, Japan, China, Canada, Taiwan, Mexico, Singapore, and Korea. These offices serve as a link between Indiana businesses and overseas markets. Services include: providing business contacts, identifying and consulting on trade opportunities, assisting in negotiation of trade transactions, representing and assisting companies at overseas trade shows, conducting market research, facilitating meetings with businesses and government officials.

Trade Show Assistance Program (TSAP). TSAP provides financial assistance to Indiana manufacturers by reimbursing a portion of the costs incurred while exhibiting their products at overseas trade shows.

Office of Regulatory Ombudsman. Acts as a mediator, expeditor and problem solver in areas affecting businesses, communities, and economic development organizations. Services include: assisting in the permitting process, serving as a liaison with state agencies, providing information on state regulations and requirements, publishing the Permit Assistance Handbook.

Government Marketing Assistance Group. Provides counseling to businesses interested in obtaining federal or state government contracts. Seven regional offices provide on-site and local

assistance in identifying their market, and understanding the solicitation packages and bidding process. Services include: counseling, marketing assistance, resource data and computer data base assistance, technical assistance, seminars, electronic data interchange counseling.

Energy Policy Division Services. The Energy Policy Division provides a wide range of assistance in energy efficiency, alternative energy and recycling market development programs. The division provides access to federal and state funding programs and other resources. Workshops offer training in assessing energy usage and present methods for increasing energy efficiency and reducing energy costs. A toll-free hotline (800-382-4631) provides access to information on energy price, supply and trend data in Indiana. The hotline also provides referrals to national energy information sources and technical databases. The Recycling Market Development Program provides technical assistance in identifying markets for recyclable materials. The program also helps manufacturers locate reliable supplies of recycled feedstock.

Women and Minorities in Business Group. Counsels emerging and mature businesses. Client needs are determined, evaluated and advised at no cost. Services include: workshops and seminars, direct counseling, information clearinghouse and referral source, general information including statistics regarding women- and minority-owned businesses, administers Minority Outreach Resource Executive (MORE) Program in 6 regions.

Enterprise Advisory Group. Counsels emerging and maturing businesses. Client needs are determined, evaluated and advised at no cost. Services include: workshops and seminars, direct counseling, information clearinghouse and referral source, education/training.

Small Business Development Center Network (SBDC). The SBDCs are a network of local offices that serve as the first stop for Indiana companies seeking help. A network of 14 regional and 58 satellite offices, the SBDCs link with state, federal, and local assistance programs to serve all business requests. Services include: INFORUM Indiana, a 24-hour phone and fax-back clearing-house (call 800-726-8000), the SBDC computer bulletin board (317-471-5777), one-on-one management and technical consulting, localized training, seminars and workshops, access to information/self-help materials and expert assistance. The Indianapolis Center can be contacted at (317) 233-SBDC .

Indiana Business Modernization and Technology Corp. (BMT): Based on its roots of helping businesses statewide improve through modernization of technology, including manufacturing techniques and processes, BMT coordinates local, regional and national experts, resources and facilities to bring no- and low-cost business help, advice and solutions to Indiana companies. BMT provides solutions to the challenges companies face in all operational areas, including:

- The front office, including sales, marketing, R&D/engineering and corporate finance
- Production, including manufacturing processes, best practices programs, quality programs, work flow and plant layout
- Technological advancement and improvement, including new equipment and new approaches to solving product and production challenges through technology

As part of the National Institute of Science and Technology (NIST), BMT serves as a gatekeeper to other accredited manufacturing and business resources. BMT also works in unison with national research facilities, like Oak Ridge National Laboratory (ORNL) and NASA, plus

regional and local institutions, including public and private universities across the state and regional government organizations.

Job Services Matching System (JSMS). A computerized job-matching system matching a statewide pool of qualified workers with available job openings, based on employer-provided criteria. The system lists both blue- and white-collar workers and all Department of Workforce Development Services offices in the state are linked to the JSMS for statewide job matching. Eighteen kiosks are located in malls and libraries statewide, allowing clients access to job opening information.

Indiana Workforce Investment Act (WIA). This program is administered by the Indiana Department of Workforce Development. Program funds are used to provide unemployed and dislocated workers with skills, enabling them to return to productive employment. JTPA may be used for partial payment of workers' wages during training and the cost of raw materials used in training. Other training services include on-the-job, institutional and classroom training, remedial education, basic-skills training, job-search assistance, and counseling.

One-Stop Workforce Development Centers. These Centers provide one-stop shopping for job seekers, students, and employers seeking information on labor-market statistics, careers, education and training opportunities, job-task analysis, assessment, counseling, community services, and more. Core services include access to the Job Service Matching System and Workforce Investment Act resources described above. Additionally, dislocated workers can apply for unemployment compensation and register for work. The Centers include an open-entry Information Resource Area and self-help services.

Small Business Innovation Research (SBIR) Bridge Funding. SBIR Bridge Funding is an enhancement to a federal program designed to assist Indiana companies intending to commercialize technologies developed as a result of federal SBIR funding. For more information contact Indiana Business Modernization and Technology Corporation (317) 635-3058

LYNX Capital Corporation. LYNX is a privately owned company established to link capital to minority business opportunities. The fund provides subordinated debt to minority-owned businesses in Marion and surrounding counties. Capital can be provided in the form of equity or debt.

Small Business Investment Company Program. Small Business Investment Companies (SBICs) provide long-term and/or venture capital to small firms. SBICs are privately owned investment companies which are licensed and regulated by the Small Business Administration (SBA). An SBIC will finance a small firm by providing a straight loan and an equity-type investment. This method of financing may then provide partial ownership to the SBIC and management assistance to the company.

SBA Guarantee Program. The program provides guaranteed loans to small businesses. The SBA does not advance any dollars, the total loan is funded by the bank. May be used for both fixed-asset and working capital needs.

OTHER RESOURCES AND INCENTIVES

Center For Entrepreneurship and Innovation. Operated by Indiana University in Bloomington, this center offers developmental and problem solving programs for small to mid-sized businesses. **Tel.: (812) 855-4248.**

City of Indianapolis, Township Administrators. Provides small businesses with general information about local regulations, licenses, permits, and zoning. Seeks to identify and resolve difficulties encountered by small businesses.

Contact Phone Numbers:

Center Township (Northeast)	327-4139
Center Township (South and West)	327-8626
Decatur Township	327-4838
Franklin Township	327-5595
Lawrence Township	327-5580
Perry Township	327-5564
Pike Township	327-5157
Warren Township	327-5566
Washington Township	327-5380
Wayne Township	327-5216

Deduction of Assessed Valuation of Rehabilitated Property. Buildings or other structures which are 10 years of age or older that have been remodeled, renovated, or expanded are eligible for a 5-year 50 percent deduction of the increase in the assessed valuation of the property. **Tel.: 327-3001 (Marion County Auditors Office).**

Endowments and Foundations. Indianapolis has benefited greatly from support for public and not-for-profit projects by city based endowments and foundations. These projects in turn have created economic benefits for city residents and businesses.

Entrepreneur Business Center. A new-business incubator designed to facilitate the growth of start-up firms and small businesses by providing affordable rents, shared services, business counseling, financing programs, tax incentives and training programs. **Tel.: 687-8877.**

Executive Service Corps. Comprised of more than 300 retired business executives and professionals who volunteer time, experience, and talent to help small businesses. **Tel.: 574-7272.**

Hoosier Minority Chamber of Commerce. The Minority Chamber serves as a liaison between existing support groups to ensure that minority businesses achieve their objectives. **Tel.: 687-1903.**

Hispanic Chamber of Commerce. Promotes and provides leadership for Hispanic business within Indianapolis and throughout the state. **Tel.: 843-5675.**

Indiana Chamber of Commerce. The State Chamber Of Commerce encourages private sector economic development. Resource and library access as well as legislative initiatives are offered. **Tel. 264-6883.** The chamber’s minority programs can be accessed at **Tel.: 264-3110.**

Indiana Regional Minority Supplier Development Council (IRMSDC). IRMSDC is a not-for-profit entity which facilitates the development of minority and women-owned enterprises to achieve economic parity. **Tel.: 923-2110.**

Indiana Small Business Development Corporation (ISBDC). ISBDC is a private, not-for-profit entity which provides business counseling, planning, conferences, and workshops. Women and minority assistance is also available. **Tel.: 234-2082.**

Indianapolis Business Development Corporation (IBDC). IBDC provides comprehensive financial and business support to enhance minority business. **Tel.: 687-0272.**

Indianapolis Chamber of Commerce. The Indianapolis Chamber of Commerce influences, develops, and maintains a prosperous business climate for Indianapolis. The Chamber provides visitor information, market data and analysis, information on starting a business in Indianapolis, and various services for over 3,000 member firms including: targeted roundtables, trade shows, and publications. Chamber resources and information about the Chamber's Minority Business Initiative and Minority Enterprise Networking and Operating Resources (MENTOR) Program can be obtained at: **320 N. Meridian Street, Indianapolis, IN, 46204, Tel.: 464-2200.**

Indianapolis Construction Alliance for Small Minority and Women Contractors. This organization seeks to expand the capacity of small businesses to undertake complex contracts and to increase competition through marketing, management, financial services, and training. **Tel.: 261-3010.**

Indianapolis Minority Business Development Center. Provides start up assistance, financial management, and other services for new and existing minority businesses. **Tel.: 257-0327**

Lease Payments. A number of governmental units may lease land to private entities. Any private improvements on the property are exempt from local property taxes. Lease payments charged could theoretically be factored to allow for taxes lost and then directed to desired benefits. This concept has proved to be controversial due to loss or potential loss of control by bodies that typically receive and oversee the tax funds.

Local Initiatives Support Corporation. LISC supports local non-profit neighborhood redevelopment programs, housing services, economic development, and technical assistance. National LISC became involved in Indianapolis in 1981 when local foundations and corporations contributed \$250,000 to a neighborhood economic and small business development fund. In 1992, LISC established a local office in Indianapolis. LISC's mission is to assist community development organizations in revitalizing distressed neighborhoods for the benefit of low- and moderate-income persons. LISC uses conventional standards to evaluate project merit, but offers flexible financing which can address unique CDC needs. Often, LISC provides "seed" money or funding for hard to finance predevelopment activities such as environmental studies/analyses, architectural fees, market analyses, land options, technical services, and so forth. Funding is generally provided in the form of loans or recoverable grants which can subsequently be recycled for other projects. LISC also provides bridge loans to expedite project implementation, loan guarantees to induce banks to lend to certain projects, construction loans (at favorable interest rates), and working capital Lines of Credit for CDCs with assets of \$1 million or more.

- **Project Development Support:** LISC provides financing and technical support to a variety of community development activities, including affordable housing, retail and commercial development, health care facilities, schools and much more. In addition, LISC's affiliate the National Equity Fund provides equity financing for affordable rental projects utilizing low-income housing tax credits.
- **Recoverable Grants:** Most often used in predevelopment stage, LISC provides local community development organizations with recoverable grants. Recoverable grants are a form of small, high risk, unsecured financing. LISC will advance funds for predevelopment costs, no interest is charged, and the funds are generally repaid within 12 to 18 months. Repayment typically occurs when acquisition and/or construction financing is secured.
- **Loans:** LISC's loan programs allow flexible terms for organizations to borrow for predevelopment, acquisition, construction or permanent financing.
- **Organizational Capacity Building:** LISC provides technical support and services that help Community Development Corporations (CDCs) build capacity in project conception and development, organizational management and sustainability, managing assets, and building partnerships. In addition, LISC administers restricted grant programs for various development programs as available.

At present, the following guidelines apply to LISC funds:

- Only charitable, tax-exempt community based development organizations can receive LISC funds (unless services are being purchased directly, e.g., from a consultant).
- Loans are currently provided at flexible rates, with full repayment within an average of 7 years. They may be subordinated to loans from private lenders under LISC's usual underwriting standards. Loan amounts typically did not exceed \$1M.
- Guarantees are provided for bank financing in order to induce banks to lend to certain projects. All guarantees are partial, requiring banks to take some risk.

As the largest community development intermediary in the country, LISC also intends to be a major participant in the NMTC program. The New Markets Tax Credit program is a federal tax initiative designed to increase the amount of investment capital in low-income communities. It is the most significant federal tax initiative to support community development in nearly 20 years. This new \$15 billion program will provide investors-banks, insurance companies, corporations and individuals-with credits against federal income tax in return for new investments in eligible businesses. It is a flexible tool that can be applied to a wide range of qualified business activities, from small business lending to financial counseling to real estate development.

The Indianapolis branch of LISC can be contacted at **333 N. Pennsylvania Street, Suite 600, Indianapolis, IN, 46204** or <http://www.liscnet.org/indianapolis>; contact **Will Pritchard, Program Officer** at (317) 396-0588 ext. 16.

Neighborhood Action Grants. The Neighborhood Action Grants are administered through the Greater Indianapolis Progress Committee (GIPC). They provide a source of funding for community projects. Staff of GIPC can be contacted at **200 E. Washington Street, Suite 2501, Indianapolis, IN, 46204, Tel.: 327-3860.**

Redevelopment Law. The urban renewal process is a traditional method used by the city to help accomplish a wide variety of public goals. Areas are designated by the MDC and administered by DMD. A variety of tools can be used in the districts to acquire and assemble land (including eminent domain), prepare it for disposition, write-down acquisition costs, make needed area improvements, and assist developers and property owners in improving their property.

Service Corps of Retired Executives (SCORE): A 13,000 member volunteer association sponsored by the U.S. Small Business Administration. Since 1964, the association has matched volunteer business management counselors with clients in need of expert advice. SCORE has experts in virtually every area of business management and maintains a national skills roster to help identify the best counselor for a particular client. Volunteer counselors, whose collective experience spans the full range of American enterprise, share their management and technical expertise with both present and prospective small business owners. **Tel: 226-7264.**

Tax Deductible Donations and Gifts. Governmental and not-for-profit organizations (including such entities as neighborhood development corporations) may receive donations as tax deductions which can be used for projects and programs which impact economic development. Efforts locally involve such activities as business development through such organizations as the state and local Chambers of Commerce and the Indy Partnership and housing including those by such agencies as the Indianapolis Neighborhood Housing Partnership which are helping to create housing for low and moderate income residents.

Additional Funders - Below is a list of some of the national organizations that are able to provide financing for various economic development projects in Indiana:

Enterprise Foundation

10227 Wincopin Circle, Suite 500
Columbia, MD 20144

<http://www.enterprisefoundation.org>

Contact:

Susan Fingerman

410-772-2433

410-964-1918 fax

Geographic Area Served: National Scope

Type of Financing: Housing and Community Facilities

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

Northcountry Cooperative Development Fund

219 Main Street SE
Suite 302
Minneapolis, MN 55414

<http://www.wisc.edu/uwcc/info/ncdfbro.html>

Geographic Area Served: Midwest

Type of Financing: Housing and Business; typically fund co-ops

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

Contact:

Margaret Lund, Executive Director
612-331-9103
612-331-9145 fax

SEEDCO

915 Broadway, Suite 1700
New York, NY 10010

<http://www.seedco.org>

Geographic Area Served: National Scope

Type of Financing: Housing, Business and Community Facilities

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

Contact:

William J. Grinker, President
212-473-0255 or 212-473-0357 fax

Acción USA

56 Roland Street, Suite 300
Boston, MA 02129

<http://www.accion.org>

Geographic Area Served: National Scope

Type of Financing: Business

Type of FINANCIAL INSTITUTION: Microenterprise Development Loan Fund

Contact:

Livingston Parsons, VP, Lending Ops
617-625-7080
617-625-7020 fax

Community Development Trust, Inc.

1350 Broadway, Suite 700
New York, NY 10018-7702

<http://www.commdetrust.com>

Geographic Area Served: National Scope

Contact:

Judd Levy, President
212-271-5099
212-271-5079 fax

Nonprofit Finance Fund

70 West 36th Street, 11th Floor
New York, NY 10018

Contact:

Clara Miller, President
212-868-6710
212-268-8653 fax

<http://www.nonprofitfinancefund.org>

Geographic Area Served: National Scope but fairly restrictive in selection

Type of Financing: Community Facilities

Type of FINANCIAL INSTITUTION: Business and Community Development Loan Fund

Islah Foundation

1673 Rogers Ave.
San Jose, CA 95112
<http://www.islah.org>

Geographic Area Served: National Scope

Type of Financing: Housing, Business, Community Facilities, Consumer Financial Services and other Community Development

Type of FINANCIAL INSTITUTION:

Community Development Loan Fund
Community Development Credit Union
Community Development Bank
Community Development Venture Capital Fund
Microenterprise Development Loan Fund

Contact:

M. Yousuf Chaudhry, Chairman
408-437-0238
408-437-1156 fax

Rural Opportunities Enterprise Center, Inc.

400 East Avenue
Rochester, NY 14607-1910

Contact:

Joan Dallis, Vice President
716-340-3388
716-340-3326 fax
<http://www.ruralinc.org>

Type of Financing: Housing, Business and Community Facilities

Type of FINANCIAL INSTITUTION:

Consumer Financial Services
Community Development Loan Fund
Microenterprise Development Loan Fund

Institute for Community Economics Revolving Loan Fund

57 School Street
Springfield, MA 01105-1331
<http://www.iceclt.org/loanfund/>

Contact:

Sarah Page
Loan Administrator
413-746-8660 ext. 107
413-746-8862 fax

Geographic Area Served: National Scope

Type of Financing: Housing, Business and Community Facilities

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

LEAF (Local Enterprise Assistance Fund) and ICA Group

One Harvard Street, Suite 200
Brookline, MA 02445

Contact:

Susan Clare, Executive Director
617-232-8765 x113 phone
617-232-9545 fax
www.leaffund.org

Geographic Area Served: National Scope

Type of Financing: Business

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

Note: LEAF provides financing to businesses that receive technical assistance from its parent organization. The ICA Group is a national not-for-profit organization which seeks to create and save jobs through the development and strengthening of employee-owned cooperatives and community-based projects. ICA provides a full range of business consulting and technical assistance services, education,

and financing to clients working in or seeking to start worker-owned and community-based businesses. ICA's clients include scores of employee-owned businesses in a wide range of industries and a variety of public sector and private non-profit organizations concerned with creating and retaining jobs.

ECONOMIC DEVELOPMENT WEB SITES

City of Indianapolis: <http://www.indygov.org>

Indiana Department of Commerce: <http://www.indianainsites.com>

Indiana Small Business Development Center: <http://www.isbc.org>

International Economic Development Council (IEDC): <http://www.iedconline.org>

National Congress for Community Economic Development:
<http://www.ncced.org/programs/cdcRetail/index.html>

National Development Council (NDC): <http://www.ndc-online.org>

ECONOMIC DEVELOPMENT FINANCING RESOURCES

New Markets Tax Credit Program

The New Markets Tax Credit (NMTC) will stimulate \$15 billion of equity investments in the economic development of low-income communities starting with \$2.5 billion in 2002. That makes New Markets potentially the federal government's most important new important economic development tool for low-income communities in a generation.

The NMTC is a modest subsidy. It can make a marginally profitable investment attractive, but it probably will not make an unprofitable investment into a good one. Investors would generally require cash flow and a return of capital or capital appreciation in addition to the tax credits. The NMTC is very flexible, and can be used for a wide range of purposes. For the many communities that could benefit from the NMTC, the first step is to understand how it will work.

In brief, the Community Development Financial Institutions (CDFI) Fund, part of the U.S. Treasury Department, will (1) certify qualified community development entities (CDEs) and (2) conduct competitions for the allocation of NMTCs to CDEs. CDEs would use the tax credits to raise capital from private investors for a term of at least seven years. The size of the NMTC is 39% (30% in present value terms) of the qualified equity investments in CDEs. Substantially all or at least 85% -- of the investors' equity must be used for qualified community investments in qualified active low-income community businesses located in low-income communities. Credits are subject to recapture in some circumstances.

Note: This summary reflects guidance and temporary regulations issued in December 2001, which are subject to comment and revision.

Below is a list of some of the national organizations beyond LISC that are able to provide financing for various economic development projects in Indiana:

Enterprise Foundation

10227 Wincopin Circle, Suite 500

Columbia, MD 20144

<http://www.enterprisefoundation.org>

Contact:

Susan Fingerman

410-772-2433

410-964-1918 fax

Geographic Area Served: National Scope

Type of Financing: Housing and Community Facilities

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

Northcountry Cooperative Development Fund

219 Main Street SE

Suite 302

Minneapolis, MN 55414

<http://www.wisc.edu/uwcc/info/ncdfbro.html>

Contact:

Margaret Lund, Executive Director

612-331-9103

612-331-9145 fax

Geographic Area Served: Midwest

Type of Financing: Housing and Business; typically fund co-ops

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

SEEDCO

915 Broadway, Suite 1700

New York, NY 10010

<http://www.seedco.org>

Contact:

William J. Grinker, President

212-473-0255 or 212-473-0357 fax

Geographic Area Served: National Scope

Type of Financing: Housing, Business and Community Facilities

Type of FINANCIAL INSTITUTION: Community Development Loan Fund

Acción USA

56 Roland Street, Suite 300

Boston, MA 02129

<http://www.accion.org>

Contact:

Livingston Parsons, VP, Lending Ops

617-625-7080

617-625-7020 fax

Geographic Area Served: National Scope

Type of Financing: Business

Type of FINANCIAL INSTITUTION: Microenterprise Development Loan Fund

Community Development Trust, Inc.

1350 Broadway, Suite 700

New York, NY 10018-7702

<http://www.commdevtrust.com>

Contact:

Judd Levy, President

212-271-5099

212-271-5079 fax

Geographic Area Served: National Scope

Nonprofit Finance Fund

70 West 36th Street, 11th Floor
New York, NY 10018

Contact:

Clara Miller, President
212-868-6710
212-268-8653 fax

<http://www.nonprofitfinancefund.org>

Geographic Area Served: National Scope but fairly restrictive in selection

Type of Financing: Community Facilities

Type of FINANCIAL INSTITUTION: Business and Community Development Loan Fund

Islah Foundation

1673 Rogers Ave.
San Jose, CA 95112

<http://www.islah.org>

Contact:

M. Yousuf Chaudhry, Chairman
408-437-0238
408-437-1156 fax

Geographic Area Served: National Scope

Type of Financing: Housing, Business, Community Facilities, Consumer Financial Services and other Community Development

Type of FINANCIAL INSTITUTION:

Community Development Loan Fund
Community Development Credit Union
Community Development Bank
Community Development Venture Capital Fund
Microenterprise Development Loan Fund

Rural Opportunities Enterprise Center, Inc.

400 East Avenue
Rochester, NY 14607-1910

Contact:

Joan Dallis, Vice President
716-340-3388
716-340-3326 fax

<http://www.ruralinc.org>

Type of Financing: Housing, Business and Community Facilities

Type of FINANCIAL INSTITUTION:

Consumer Financial Services

Community Development Loan Fund
Microenterprise Development Loan Fund

Institute for Community Economics Revolving Loan Fund

57 School Street
Springfield, MA 01105-1331
<http://www.iceclt.org/loanfund/>

Contact:

Sarah Page
Loan Administrator
413-746-8660 ext. 107
413-746-8862 fax

Geographic Area Served: **National Scope**

Type of Financing: **Housing, Business and Community Facilities**

Type of FINANCIAL INSTITUTION: **Community Development Loan Fund**

LEAF (Local Enterprise Assistance Fund) and ICA Group

One Harvard Street, Suite 200
Brookline, MA 02445

Contact:

Susan Clare, Executive Director
617-232-8765 x113 phone
617-232-9545 fax
www.leaffund.org

Geographic Area Served: **National Scope**

Type of Financing: **Business**

Type of FINANCIAL INSTITUTION: **Community Development Loan Fund**

Note: LEAF provides financing to businesses that receive technical assistance from its parent organization. The ICA Group is a national not-for-profit organization which seeks to create and save jobs through the development and strengthening of employee-owned cooperatives and community-based projects. ICA provides a full range of business consulting and technical assistance services, education, and financing to clients working in or seeking to start worker-owned and community-based businesses. ICA's clients include scores of employee-owned businesses in a wide range of industries and a variety of public sector and private non-profit organizations concerned with creating and retaining jobs.