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Indiana's Unprecedented

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\$350 million increase over previous budget to further accelerate Indiana's position in attracting economies of the future, growing talented workforce through quality of place investments

Governor Eric J. Holcomb and Secretary of Commerce Brad Chambers today applauded the Indiana legislature's bold investment in economic development following the 2023 legislative session. The adoption of House Enrolled Act (HEA) 1001, the governor's agenda bill, creates a new \$500 million deal closing fund, provides additional resources for megadeals over \$5 billion, creates a new site acquisition fund for shovel ready development and invests an additional \$500 million in the nationally innovative READL program that has already leveraged \$8.54 billion in quality of place investments throughout the state.

"Indiana's economy is thriving, and these renewed commitments and expanded investments in economic development will ensure that momentum continues for years to come," said Gov. Holcomb.

"Equipped with these specific strategic tools and programs, we'll be in a position to do even more to better the lives and opportunities of Hoosiers statewide. Implementing quality of place initiatives, future-proofing our manufacturing sector and enabling the state to better compete for and win new high-tech, fast-growing industries of the future will remain our mission every day."

In addition to historic economic and community funding, the legislature made unprecedented investments into education, public safety, career training for high school students and mental health – critical issues for improving the quality of life for all Hoosiers, creating a more robust workforce, and driving Indiana's economy for decades to come.

"I've never been more energized about the future of Indiana," said Sec. Chambers. "I'm grateful to the legislature for the support for our economic development strategy, which emphasizes a bold, aspirational and comprehensive approach. These new tools and increased funding will enable us to better attract and grow investments in future-focused industries, like electric vehicles, semiconductors, life sciences and agbiosciences, creating quality, high-paying careers for Hoosiers today and for years to come."

HEA 1001 enacts a number of economic development priorities proposed by Gov. Holcomb and Sec. Chambers, including new updates to the Indiana Economic Development Corporation's (IEDC) toolkit, including funding for cash performance grants and site acquisition; a \$500 million expansion of the Indiana Regional Acceleration and Development Initiative (READI); increased funding for Indiana Manufacturing Readiness Grants; and new funding to accelerate entrepreneurship and innovation.

With this new budget, Indiana's investment in economic development will increase \$350 million from 2021 and 2022.

HEA 1001 makes the following changes to Indiana's economic development toolbox:

- **New Deal Closing Fund:** The creation of a new \$500 million Deal Closing Fund will continue to allow the IEDC to better compete for in-demand investment and new jobs with transformative investments in future-focused industries. Approximately 5% of these funds will be reserved for economic development projects in rural counties with a population under 50,000.
- **New Site Acquisition Fund:** HEA 1001 allocates \$150 million over the biennium to support the IEDC's strategic sites initiative, ensuring that competitive land and infrastructure is available for new investment. The first project, LEAP Lebanon Research & Innovation District, was selected due to its strategic location and has already marked a significant win in a \$3.7 billion investment by Eli Lilly. This funding will allow the IEDC to develop the next opportunity in Indiana while creating a return on investment to the state through the sale of property.
- **Tax Credit Flexibility:** The legislation formalizes an annual tax credit bucket of \$250 million per year, providing the IEDC flexibility to leverage incentives to attract new investment and job opportunities for Hoosiers.

- **READI 2.0 - Investing in Quality of Place:** Continued appropriations of \$500 million over the biennium will expand quality of place and quality of life investments being made through the nationally recognized READI program. More than 95 percent – or \$474.9 million – of READI's initial grant funds have already been designated to accelerate 347 projects and programs across 17 Indiana regions that are expected to result in more than \$8.54 billion (16.8:1 investment leverage ratio) invested in Indiana's communities. READI 2.0 will build on this momentum, allocating significant matching funds to accelerate capital and infrastructure construction projects and advance Indiana's quality of place to retain and attract top talent.
- **Accelerating Smart Manufacturing:** Legislative appropriations will allocate \$40 million over the biennium to advancing and future-proofing Indiana's manufacturing sector, doubling the funding available to businesses through the Indiana Manufacturing Readiness Grants. The program, which first launched in 2020, is designed to incentivize companies to adopt smart manufacturing technologies and modernize their operations, ensuring that Indiana's largest industry is equipped to support the global economy of the future.
- **Increasing Funding for Entrepreneurship, Innovation and Marketing:** HEA 1001 also includes increased funding to the IEDC to expand support for entrepreneurship and innovation through programs like the Indiana Small Business Development Center and through investments in startups and scaleups through Elevate Ventures, Indiana's venture development partner. This funding will better position Indiana – which was recently named the No. 1 state to start a business (Forbes) – as a global destination for entrepreneurs and innovators. Additionally, increased funding will allow the IEDC to increase its promotion of the state as a globally competitive and innovative destination for business, helping attract new investment and new industries to Indiana.

In addition to HEA 1001, Gov. Holcomb and Sec. Chambers applaud a number of legislative updates that will strengthen Indiana's overall business climate and economic development competitiveness, including:

- **House Enrolled Act 1002:** A comprehensive education and career readiness bill that aims to assist high school students in becoming ready for careers and sets up career scholarship accounts for Indiana's youth.
- **House Enrolled Act 1005:** Aims to address Indiana workforce needs by adding housing in communities across the state through adjusting residential tax increment financing language, and creating a infrastructure assistance program.
- **Senate Enrolled Act 176:** Small Nuclear Reactors: Further positions Indiana as a leader in laying the groundwork for future small nuclear reactors.
- **Senate Enrolled Act 419:** State Tax Matters: Includes a new tangible personal property retail (sales) tax exemption for Wind and Solar device components. This provision may

help further renewable investment in Indiana.

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