

HOUSE BILL No. 1099

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-11.

Synopsis: Industrial recovery tax credit. Provides that a taxpayer is entitled each taxable year to an industrial recovery tax credit against the taxpayer's state tax liability in an amount equal to 25% of the taxpayer's qualified investment in a qualified community development entity made during the taxable year.

Effective: January 1, 2018.

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January 5, 2017, read first time and referred to Committee on Ways and Means.



First Regular Session of the 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

HOUSE BILL No. 1099

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

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SECTION 1. IC 6-3.1-11-1, AS AMENDED BY P.L.204-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2018]: Sec. 1. As used in this chapter, "applicable percentage" means the percentage determined as follows:

(1) For a plant that is located on an industrial recovery site, one (1) of the following percentages:

(+) **(A)** If a plant was placed in service at least fifteen (15) years ago but less than thirty (30) years ago, the applicable percentage is fifteen percent (15%).

(-) **(B)** If a plant was placed in service at least thirty (30) years ago but less than forty (40) years ago, the applicable percentage is twenty percent (20%).

(+) **(C)** If a plant was placed in service at least forty (40) years ago, the applicable percentage is twenty-five percent (25%).

The time that has expired since a plant was placed in service shall be determined as of the date that an application is filed with the corporation. However, in the case of an industrial recovery site



1 described in section 5(2) of this chapter, the time that has expired
 2 since a plant was placed in service shall be determined as of the
 3 date on which the demolition of the vacant plant was completed.

4 **(2) For a qualified investment made in a qualified community**
 5 **development entity, the applicable percentage is twenty-five**
 6 **percent (25%).**

7 SECTION 2. IC 6-3.1-11-9.5 IS ADDED TO THE INDIANA
 8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE JANUARY 1, 2018]: **Sec. 9.5. As used in this chapter,**
 10 **"qualified community development entity" has the meaning set**
 11 **forth in Section 45D(c) of the Internal Revenue Code.**

12 SECTION 3. IC 6-3.1-11-10, AS AMENDED BY P.L.288-2013,
 13 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2018]: Sec. 10. As used in this chapter, "qualified
 15 investment" means:

16 **(1) the amount of the a taxpayer's expenditures for rehabilitation**
 17 **of property located within an industrial recovery site; or**

18 **(2) the amount of a taxpayer's equity investments in, or loans**
 19 **made to, a qualified community development entity that**
 20 **makes a qualified low income investment in a qualified low**
 21 **income community.**

22 SECTION 4. IC 6-3.1-11-11.5 IS ADDED TO THE INDIANA
 23 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 24 [EFFECTIVE JANUARY 1, 2018]: **Sec. 11.5. As used in this chapter,**
 25 **"qualified low income community" means a low income**
 26 **community (as defined in Section 45D(e) of the Internal Revenue**
 27 **Code) that is located in Indiana.**

28 SECTION 5. IC 6-3.1-11-11.6 IS ADDED TO THE INDIANA
 29 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JANUARY 1, 2018]: **Sec. 11.6. As used in this chapter,**
 31 **"qualified low income community investment" means a qualified**
 32 **low income community investment (as defined in Section 45D(d) of**
 33 **the Internal Revenue Code) that is made in Indiana.**

34 SECTION 6. IC 6-3.1-11-18.5, AS ADDED BY P.L.204-2016,
 35 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2018]: Sec. 18.5. (a) A taxpayer that proposes to make
 37 qualified investments ~~on an industrial recovery site~~ as provided under
 38 this chapter may apply to the corporation to enter into an agreement for
 39 a tax credit under this chapter.

40 (b) The corporation shall prescribe the form of the application.

41 SECTION 7. IC 6-3.1-11-19, AS AMENDED BY P.L.204-2016,
 42 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JANUARY 1, 2018]: Sec. 19. (a) The corporation shall consider the
 2 following factors in evaluating applications filed under this chapter:

3 **(1) For an applicant proposing to make a qualified investment**
 4 **for the rehabilitation of property located within an industrial**
 5 **recovery site, the following:**

6 ~~(1)~~ **(A)** The level of distress in the surrounding community
 7 caused by the loss of jobs at the industrial recovery site.

8 ~~(2)~~ **(B)** Evidence of support for the designation by residents,
 9 businesses, and private organizations in the surrounding
 10 community.

11 ~~(3)~~ **(C)** Evidence of a commitment by private or governmental
 12 entities to assist in the financing of improvements or
 13 redevelopment activities benefiting the industrial recovery site.

14 ~~(4)~~ **(D)** Whether the industrial recovery site is within an
 15 economic revitalization area designated under IC 6-1.1-12.1.

16 **(2) For an applicant that proposes to make a qualified**
 17 **investment in a qualified community development entity,**
 18 **evidence of a commitment by one (1) or more qualified**
 19 **community development entities to match the amount of the**
 20 **credit determined by the corporation with an equal or greater**
 21 **allocation of federal new markets tax credits under Section**
 22 **45D of the Internal Revenue Code.**

23 (b) The corporation may not approve an application to receive tax
 24 credits under this chapter for qualified investments made on an
 25 industrial recovery site described in section 5(2) of this chapter unless
 26 the applicant can demonstrate that the plant was not maintained and
 27 was removed from the site in an effort to protect the health, safety, and
 28 welfare of the community.

29 SECTION 8. IC 6-3.1-11-21, AS AMENDED BY P.L.288-2013,
 30 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JANUARY 1, 2018]: Sec. 21. **(a) This subsection applies to a**
 32 **taxpayer who wishes to claim the credit provided by this chapter**
 33 **for a qualified investment that is made to rehabilitate property**
 34 **located within an industrial recovery site.** A taxpayer is not entitled
 35 to claim the credit provided by this chapter if the corporation
 36 determines that the taxpayer has substantially reduced or ceased its
 37 operations in Indiana in order to relocate them within the industrial
 38 recovery site. A determination that a taxpayer is not entitled to the
 39 credit provided by this chapter as a result of a substantial reduction or
 40 cessation of operations applies to credits that would otherwise arise in
 41 the taxable year in which the substantial reduction or cessation occurs
 42 and in all subsequent years.



1 **(b) This subsection applies to a taxpayer who wishes to claim the**
2 **credit provided by this chapter for a qualified investment in a**
3 **qualified community development entity. A taxpayer is not entitled**
4 **to claim the credit provided by this chapter for a qualified**
5 **investment in a qualified community development entity unless the**
6 **qualified community development entity matches the amount of the**
7 **credit determined by the corporation under this chapter with an**
8 **equal or greater allocation of federal new markets tax credits**
9 **under Section 45D of the Internal Revenue Code.**

10 SECTION 9. [EFFECTIVE JANUARY 1, 2018] **(a) IC 6-3.1-11-1,**
11 **IC 6-3.1-11-10, IC 6-3.1-11-18.5, IC 6-3.1-11-19, and**
12 **IC 6-3.1-11-21, all as amended by this act, apply only to taxable**
13 **years beginning after December 31, 2017.**

14 **(b) IC 6-3.1-11-9.5, IC 6-3.1-11-11.5, and IC 6-3.1-11-11.6, all as**
15 **added by this act, apply only to taxable years beginning after**
16 **December 31, 2017.**

17 **(c) This SECTION expires January 1, 2019.**
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