



January 28, 2014

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## HOUSE BILL No. 1215

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DIGEST OF HB 1215 (Updated January 27, 2014 12:24 pm - DI 92)

**Citations Affected:** IC 4-4; IC 6-3.1.

**Synopsis:** Historic preservation. Transfers administration of the historic rehabilitation tax credit from the division of historic preservation and archeology of the department of natural resources to the office of community and rural affairs (office). Converts the tax credit into a grant program administered by the office after state fiscal year 2015.

**Effective:** July 1, 2014.

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**Clere, Turner, Soliday, Dvorak**

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January 14, 2014, read first time and referred to Committee on Ways and Means.  
January 28, 2014, amended, reported — Do Pass.

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HB 1215—LS 6538/DI 92





January 28, 2014

Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1215

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

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

- 1 SECTION 1. IC 4-4-9.7-6, AS AMENDED BY P.L.144-2006,  
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2014]: Sec. 6. The office shall do the following:  
4 (1) Administer the rural economic development fund under  
5 section 9 of this chapter.  
6 (2) Administer the Indiana main street program under IC 4-4-16.  
7 (3) Administer the community development block grant program.  
8 (4) **Make certifications required under IC 6-3.1-16 with**  
9 **respect to the historic rehabilitation tax credit.**  
10 SECTION 2. IC 4-4-37 IS ADDED TO THE INDIANA CODE AS  
11 A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE JULY  
12 1, 2014]:  
13 **Chapter 37. Historic Preservation Grant Program**  
14 **Sec. 1. This chapter applies to a state fiscal year beginning after**  
15 **June 30, 2015.**  
16 **Sec. 2. (a) As used in this chapter, "preservation" means the**

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1 application of measures to sustain the form, integrity, and material  
2 of:

- 3 (1) a building or structure; or  
4 (2) the form and vegetative cover of property.

5 (b) The term includes stabilization work and the maintenance  
6 of historic building materials.

7 Sec. 3. As used in this chapter, "office" refers to the office of  
8 rural and community affairs established by IC 4-4-9.7-4.

9 Sec. 4. (a) As used in this chapter, "qualified expenditures"  
10 means expenditures for preservation or rehabilitation that are  
11 chargeable to a capital account.

12 (b) The term does not include costs that are incurred to do the  
13 following:

- 14 (1) Acquire a property or an interest in a property.  
15 (2) Pay taxes due on a property.  
16 (3) Enlarge an existing structure.  
17 (4) Pay realtor's fees associated with a structure or property.  
18 (5) Pay paving and landscaping costs.  
19 (6) Pay sales and marketing costs.

20 Sec. 5. As used in this chapter, "rehabilitation" means the  
21 process of returning a property to a state of utility through repair  
22 or alteration that makes possible an efficient contemporary use  
23 while preserving the parts or features of the property that are  
24 significant to the historical, architectural, or archeological values  
25 of the property.

26 Sec. 6. (a) The office may award a grant to a person in the year  
27 in which the person completes the preservation or rehabilitation of  
28 historic property and obtains the certifications required under  
29 section 7 of this chapter.

30 (b) The maximum amount of a grant awarded under this section  
31 is equal to twenty percent (20%) of the qualified expenditures that:

- 32 (1) the person makes for the preservation or rehabilitation of  
33 historic property; and  
34 (2) are approved by the office.

35 Sec. 7. The office may award a grant to a person if all of the  
36 following conditions are met:

- 37 (1) The historic property is:  
38 (A) located in Indiana;  
39 (B) at least fifty (50) years old; and  
40 (C) owned by the person.  
41 (2) The office certifies that the historic property is listed in the  
42 register of Indiana historic sites and historic structures.



1           **(3) The office certifies that the taxpayer submitted a proposed**  
 2           **preservation or rehabilitation plan to the division that**  
 3           **complies with the standards of the division.**

4           **(4) The office certifies that the preservation or rehabilitation**  
 5           **work that is the subject of the grant substantially complies**  
 6           **with the proposed plan referred to in subdivision (3).**

7           **(5) The preservation or rehabilitation work is completed in**  
 8           **not more than:**

9                   **(A) two (2) years; or**

10                   **(B) five (5) years if the preservation or rehabilitation plan**  
 11                   **indicates that the preservation or rehabilitation is initially**  
 12                   **planned for completion in phases.**

13           **The time in which work must be completed begins when the**  
 14           **physical work of construction or destruction in preparation**  
 15           **for construction begins.**

16           **(6) The historic property is:**

17                   **(A) actively used in a trade or business;**

18                   **(B) held for the production of income; or**

19                   **(C) held for the rental or other use in the ordinary course**  
 20                   **of the taxpayer's trade or business.**

21           **(7) The qualified expenditures for preservation or**  
 22           **rehabilitation of the historic property exceed ten thousand**  
 23           **dollars (\$10,000).**

24           **Sec. 8. The office may provide the certifications referred to in**  
 25           **section 7(3) and 7(4) of this chapter if a taxpayer's proposed**  
 26           **preservation or rehabilitation plan complies with the standards of**  
 27           **the office and the taxpayer's preservation or rehabilitation work**  
 28           **complies with the plan.**

29           **Sec. 9. The total amount of grants awarded under this chapter**  
 30           **in a particular state fiscal year may not exceed the amount**  
 31           **appropriated by the general assembly to the office for making**  
 32           **grants under this chapter in that state fiscal year.**

33           **SECTION 3. IC 6-3.1-16-2.5 IS ADDED TO THE INDIANA**  
 34           **CODE AS A NEW SECTION TO READ AS FOLLOWS**  
 35           **[EFFECTIVE JULY 1, 2014]: Sec. 2.5. As used in this chapter,**  
 36           **"office" refers to the office of community and rural affairs**  
 37           **established by IC 4-4-9.7-4.**

38           **SECTION 4. IC 6-3.1-16-8 IS AMENDED TO READ AS**  
 39           **FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 8. A taxpayer qualifies**  
 40           **for a credit under section 7 of this chapter if all of the following**  
 41           **conditions are met:**

42                   **(1) The historic property is:**



- 1 (A) located in Indiana;  
 2 (B) at least fifty (50) years old; and  
 3 (C) except as provided in section 7(c) of this chapter, owned  
 4 by the taxpayer.
- 5 (2) The ~~division~~ **office** certifies that the historic property is listed  
 6 in the register of Indiana historic sites and historic structures.
- 7 (3) The ~~division~~ **office** certifies that the taxpayer submitted a  
 8 proposed preservation or rehabilitation plan to the ~~division~~ **office**  
 9 that complies with the standards of the ~~division~~ **office**.
- 10 (4) The ~~division~~ **office** certifies that the preservation or  
 11 rehabilitation work that is the subject of the credit substantially  
 12 complies with the proposed plan referred to in subdivision (3).
- 13 (5) The preservation or rehabilitation work is completed in not  
 14 more than:  
 15 (A) two (2) years; or  
 16 (B) five (5) years if the preservation or rehabilitation plan  
 17 indicates that the preservation or rehabilitation is initially  
 18 planned for completion in phases.
- 19 The time in which work must be completed begins when the  
 20 physical work of construction or destruction in preparation for  
 21 construction begins.
- 22 (6) The historic property is:  
 23 (A) actively used in a trade or business;  
 24 (B) held for the production of income; or  
 25 (C) held for ~~the~~ rental or other use in the ordinary course of the  
 26 taxpayer's trade or business.
- 27 (7) The qualified expenditures for preservation or rehabilitation  
 28 of the historic property exceed ten thousand dollars (\$10,000).
- 29 SECTION 5. IC 6-3.1-16-9 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) The ~~division~~ **office**  
 31 **office** shall provide the certifications referred to in section 8(3) and  
 32 8(4) of this chapter if a taxpayer's proposed preservation or  
 33 rehabilitation plan complies with the standards of the ~~division~~ **office**  
 34 and the taxpayer's preservation or rehabilitation work complies with the  
 35 plan.
- 36 (b) The taxpayer may appeal a decision by the ~~division~~ **office** under  
 37 this chapter to the review board.
- 38 SECTION 6. IC 6-3.1-16-10 IS AMENDED TO READ AS  
 39 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 10. To obtain a credit  
 40 under this chapter, a taxpayer must claim the credit on the taxpayer's  
 41 annual state tax return or returns in the manner prescribed by the  
 42 department of state revenue. The taxpayer shall submit to the



1 department of state revenue the certifications by the ~~division~~ **office**  
 2 required under section 8 of this chapter and all information that the  
 3 department of state revenue determines is necessary for the calculation  
 4 of the credit provided by this chapter.

5 SECTION 7. IC 6-3.1-16-10.5 IS ADDED TO THE INDIANA  
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7 [EFFECTIVE JULY 1, 2014]: **Sec. 10.5. The division shall provide**  
 8 **the office with technical guidance and any assistance necessary to**  
 9 **implement this chapter.**

10 SECTION 8. IC 6-3.1-16-14 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 14. **(a)** The amount of  
 12 tax credits allowed under this chapter may not exceed:

- 13 (1) seven hundred fifty thousand dollars (\$750,000) in the state  
 14 fiscal year beginning July 1, 1997, and the state fiscal year  
 15 beginning July 1, 1998; ~~and~~  
 16 (2) four hundred fifty thousand dollars (\$450,000) in a state fiscal  
 17 year that begins ~~July 1, 1999, or thereafter:~~ **after June 30, 1999,**  
 18 **and ends before July 1, 2015; and**  
 19 (3) **zero dollars (\$0) in a state fiscal year that begins after**  
 20 **June 30, 2015.**

21 **(b) Notwithstanding the other provisions of this chapter, the**  
 22 **office may not provide the certifications referred to in section 8 of**  
 23 **this chapter for a qualified expenditure made after June 30, 2015.**  
 24 **However, this section may not be construed to prevent a taxpayer**  
 25 **from carrying an unused tax credit attributable to a qualified**  
 26 **expenditure made before July 1, 2015, forward to a taxable year**  
 27 **beginning after December 31, 2015, in the manner provided by**  
 28 **section 13 of this chapter.**

29 SECTION 9. IC 6-3.1-16-15 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 15. The following may  
 31 adopt rules under IC 4-22-2, **including emergency rules in the**  
 32 **manner provided under IC 4-22-2-37.1**, to carry out this chapter:

- 33 (1) The department of state revenue.  
 34 (2) ~~The division:~~ **office.**

35 SECTION 10. IC 6-3.1-16-16 IS ADDED TO THE INDIANA  
 36 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 37 [EFFECTIVE JULY 1, 2014]: **Sec. 16. The property, records, and**  
 38 **administrative rules maintained by the division to implement this**  
 39 **chapter are transferred to the office on July 1, 2014.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1215, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 10 through 16, begin a new paragraph and insert:

"SECTION 2. IC 4-4-37 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]:

**Chapter 37. Historic Preservation Grant Program**

**Sec. 1. This chapter applies to a state fiscal year beginning after June 30, 2015.**

**Sec. 2. (a) As used in this chapter, "preservation" means the application of measures to sustain the form, integrity, and material of:**

- (1) a building or structure; or**
- (2) the form and vegetative cover of property.**

**(b) The term includes stabilization work and the maintenance of historic building materials.**

**Sec. 3. As used in this chapter, "office" refers to the office of rural and community affairs established by IC 4-4-9.7-4.**

**Sec. 4. (a) As used in this chapter, "qualified expenditures" means expenditures for preservation or rehabilitation that are chargeable to a capital account.**

**(b) The term does not include costs that are incurred to do the following:**

- (1) Acquire a property or an interest in a property.**
- (2) Pay taxes due on a property.**
- (3) Enlarge an existing structure.**
- (4) Pay realtor's fees associated with a structure or property.**
- (5) Pay paving and landscaping costs.**
- (6) Pay sales and marketing costs.**

**Sec. 5. As used in this chapter, "rehabilitation" means the process of returning a property to a state of utility through repair or alteration that makes possible an efficient contemporary use while preserving the parts or features of the property that are significant to the historical, architectural, or archeological values of the property.**

**Sec. 6. (a) The office may award a grant to a person in the year in which the person completes the preservation or rehabilitation of historic property and obtains the certifications required under**





section 7 of this chapter.

(b) The maximum amount of a grant awarded under this section is equal to twenty percent (20%) of the qualified expenditures that:

- (1) the person makes for the preservation or rehabilitation of historic property; and
- (2) are approved by the office.

Sec. 7. The office may award a grant to a person if all of the following conditions are met:

- (1) The historic property is:
  - (A) located in Indiana;
  - (B) at least fifty (50) years old; and
  - (C) owned by the person.
- (2) The office certifies that the historic property is listed in the register of Indiana historic sites and historic structures.
- (3) The office certifies that the taxpayer submitted a proposed preservation or rehabilitation plan to the division that complies with the standards of the division.
- (4) The office certifies that the preservation or rehabilitation work that is the subject of the grant substantially complies with the proposed plan referred to in subdivision (3).
- (5) The preservation or rehabilitation work is completed in not more than:
  - (A) two (2) years; or
  - (B) five (5) years if the preservation or rehabilitation plan indicates that the preservation or rehabilitation is initially planned for completion in phases.

The time in which work must be completed begins when the physical work of construction or destruction in preparation for construction begins.

- (6) The historic property is:
  - (A) actively used in a trade or business;
  - (B) held for the production of income; or
  - (C) held for the rental or other use in the ordinary course of the taxpayer's trade or business.
- (7) The qualified expenditures for preservation or rehabilitation of the historic property exceed ten thousand dollars (\$10,000).

Sec. 8. The office may provide the certifications referred to in section 7(3) and 7(4) of this chapter if a taxpayer's proposed preservation or rehabilitation plan complies with the standards of the office and the taxpayer's preservation or rehabilitation work complies with the plan.



**Sec. 9. The total amount of grants awarded under this chapter in a particular state fiscal year may not exceed the amount appropriated by the general assembly to the office for making grants under this chapter in that state fiscal year."**

Page 2, delete lines 1 through 12.

Page 2, delete lines 18 through 42.

Delete pages 3 through 6.

Page 7, delete lines 1 through 4, begin a new paragraph and insert:  
 "SECTION 4. IC 6-3.1-16-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 8. A taxpayer qualifies for a credit under section 7 of this chapter if all of the following conditions are met:

- (1) The historic property is:
  - (A) located in Indiana;
  - (B) at least fifty (50) years old; and
  - (C) except as provided in section 7(c) of this chapter, owned by the taxpayer.
- (2) The ~~division~~ **office** certifies that the historic property is listed in the register of Indiana historic sites and historic structures.
- (3) The ~~division~~ **office** certifies that the taxpayer submitted a proposed preservation or rehabilitation plan to the ~~division~~ **office** that complies with the standards of the ~~division~~ **office**.
- (4) The ~~division~~ **office** certifies that the preservation or rehabilitation work that is the subject of the credit substantially complies with the proposed plan referred to in subdivision (3).
- (5) The preservation or rehabilitation work is completed in not more than:
  - (A) two (2) years; or
  - (B) five (5) years if the preservation or rehabilitation plan indicates that the preservation or rehabilitation is initially planned for completion in phases.

The time in which work must be completed begins when the physical work of construction or destruction in preparation for construction begins.

- (6) The historic property is:
  - (A) actively used in a trade or business;
  - (B) held for the production of income; or
  - (C) held for ~~the~~ rental or other use in the ordinary course of the taxpayer's trade or business.
- (7) The qualified expenditures for preservation or rehabilitation of the historic property exceed ten thousand dollars (\$10,000)."

Page 7, delete lines 28 through 42.



Delete page 8.

Page 9, delete lines 1 through 20, begin a new paragraph and insert:

"SECTION 8. IC 6-3.1-16-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 14. (a) The amount of tax credits allowed under this chapter may not exceed:

(1) seven hundred fifty thousand dollars (\$750,000) in the state fiscal year beginning July 1, 1997, and the state fiscal year beginning July 1, 1998; ~~and~~

(2) four hundred fifty thousand dollars (\$450,000) in a state fiscal year that begins ~~July 1, 1999, or thereafter.~~ **after June 30, 1999, and ends before July 1, 2015; and**

**(3) zero dollars (\$0) in a state fiscal year that begins after June 30, 2015.**

**(b) Notwithstanding the other provisions of this chapter, the office may not provide the certifications referred to in section 8 of this chapter for a qualified expenditure made after June 30, 2015. However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified expenditure made before July 1, 2015, forward to a taxable year beginning after December 31, 2015, in the manner provided by section 13 of this chapter."**

Page 9, delete lines 27 through 32.

Page 9, line 33, delete "IC 6-3.1-16-17" and insert "IC 6-3.1-16-16".

Page 9, line 35, delete "17." and insert "16."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1215 as introduced.)

BROWN T, Chair

Committee Vote: yeas 12, nays 5.

