HOUSE BILL No. 1221

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-37.6.

Synopsis: Old home repair tax credit. Allows a credit against a qualified taxpayer's state tax liability in an amount equal to: (1) 20% of the qualified expenditures that a taxpayer makes for the preservation or rehabilitation of the taxpayer's residence; or (2) 55% of the qualified expenditures that a taxpayer makes for the replacement of electrical wiring and fixtures that were added to the property prior to 1940. Provides that the property must be: (1) located in Indiana; (2) at least 85 years old; and (3) owned by the taxpayer. Provides that the preservation or rehabilitation work must be completed in not more than two years. Provides that the property must be principally used and occupied by the taxpayer as the taxpayer's residence. Provides that qualified expenditures for preservation or rehabilitation of the property must exceed $5,500. Provides that the credit may be carried forward 15 years, but may not be carried back. Provides that the amount of credits allowed may not exceed $100,000 in a state fiscal year. Provides that a taxpayer that claims the credit may not also claim the residential historic rehabilitation credit for the taxable year.

Effective: January 1, 2024.

Pierce K

January 10, 2023, read first time and referred to Committee on Ways and Means.

First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

HOUSE BILL No. 1221

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

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

SECTION 1. IC 6-3.1-37.6 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2024]:

Chapter 37.6. Old Home Repair Tax Credit

Sec. 1. This chapter applies only to taxable years beginning after December 31, 2023.

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 building materials.

Sec. 3. (a) As used in this chapter, "qualified expenditures" means expenditures for the preservation or rehabilitation of a structure that enables the structure to be principally used and occupied by the taxpayer as the taxpayer's residence.

(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 realtors' fees associated with a structure or property.

(5) Pay paving and landscaping costs.

(6) Pay sales and marketing costs.

Sec. 4. 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 residential use.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax) as computed after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means:

(1) an individual filing a single return; or

(2) a married couple filing a joint return.

Sec. 7. (a) Subject to section 11 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer completes the preservation or rehabilitation of a property.

(b) The amount of the credit is equal to:

(1) twenty percent (20%) of the qualified expenditures that the taxpayer makes for the preservation or rehabilitation of the property; or

(2) fifty-five percent (55%) of the qualified expenditures that the taxpayer makes for the replacement of electrical wiring and fixtures that were added to the property prior to 1940.

(c) In the case of a married couple who:

(1) own and rehabilitate a property jointly; and

(2) file separate tax returns;

the married couple may take the credit in equal shares or one (1) spouse may take the whole credit.

Sec. 8. A taxpayer qualifies for a credit under section 7 of this chapter if all of the following conditions are met:

(1) The property is:

(A) located in Indiana;

(B) at least eighty-five (85) years old; and

(C) except as provided in section 7(c) of this chapter,

owned by the taxpayer.

(2) The preservation or rehabilitation work is completed in not more than two (2) years. The time in which work must be completed begins when the physical work of construction or destruction in preparation for construction begins.

(3) The property is principally used and occupied by the taxpayer as the taxpayer's residence.

(4) The qualified expenditures for preservation or rehabilitation of the property exceed five thousand five hundred dollars ($5,500).

Sec. 9. To obtain a credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue.

Sec. 10. For purposes of IC 6-3, the adjusted basis of the structure shall be reduced by the amount of a credit granted under this chapter.

Sec. 11. (a) If the credit provided by this chapter exceeds a taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for fifteen (15) taxable years following the unused credit year.

(b) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's tax liability for that taxable year before any credit carryover is applied against that liability under subsection (a).

(c) A taxpayer is not entitled to any carryback or refund of any unused credit.

Sec. 12. The amount of tax credits allowed under this chapter may not exceed one hundred thousand dollars ($100,000) in a state fiscal year beginning July 1, 2023, or thereafter.

Sec. 13. A taxpayer that claims the credit under this chapter for a taxable year may not claim the credit under IC 6-3.1-22 for the taxable year.

Sec. 14. The department of state revenue may adopt rules under IC 4-22-2 to carry out this chapter.