

HOUSE BILL No. 1626

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 beginning after December 31, 2019, to an industrial recovery tax credit against the taxpayer's state tax liability for a qualified investment in a qualified community development entity. Provides that the credit is equal to 25% of the taxpayer's qualified investment in a qualified community development entity made during the taxable year.

Effective: July 1, 2019.

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January 24, 2019, read first time and referred to Committee on Ways and Means.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1626

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 6-3.1-11-1, AS AMENDED BY P.L.204-2016,
2 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]: Sec. 1. As used in this chapter, "applicable percentage"
4 means the percentage determined as follows:

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

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

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

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

15 The time that has expired since a plant was placed in service shall
16 be determined as of the date that an application is filed with the
17 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 JULY 1, 2019]: **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 JULY 1, 2019]: **Sec. 10. As used in this chapter, "qualified investment"**
 15 **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 or loans**
 19 **made:**

20 **(A) in or to a qualified community development entity that**
 21 **makes a qualified low income community investment in a**
 22 **qualified low income community; and**

23 **(B) in a taxable year beginning after December 31, 2019.**

24 SECTION 4. IC 6-3.1-11-10.5 IS ADDED TO THE INDIANA
 25 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2019]: **Sec. 10.5. As used in this chapter,**
 27 **"qualified low income community" means a low income**
 28 **community (as defined in Section 45D(e) of the Internal Revenue**
 29 **Code) that is located in Indiana.**

30 SECTION 5. IC 6-3.1-11-10.6 IS ADDED TO THE INDIANA
 31 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 32 [EFFECTIVE JULY 1, 2019]: **Sec. 10.6. As used in this chapter,**
 33 **"qualified low income community investment" means a qualified**
 34 **low income community investment (as defined in Section 45D(d) of**
 35 **the Internal Revenue Code) that is made in Indiana.**

36 SECTION 6. IC 6-3.1-11-18.5, AS ADDED BY P.L.204-2016,
 37 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2019]: **Sec. 18.5. (a) Subject to subsection (c), a taxpayer**
 39 **that proposes to make qualified investments on an industrial recovery**
 40 **site as provided under this chapter may apply to the corporation to**
 41 **enter into an agreement for a tax credit under this chapter.**

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



1 **(c) A taxpayer may submit an application for a tax credit under**
 2 **this chapter with respect to a qualified investment in a qualified**
 3 **community development entity if the qualified investment is made**
 4 **in a taxable year beginning after December 31, 2019.**

5 SECTION 7. IC 6-3.1-11-19, AS AMENDED BY P.L.204-2016,
 6 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2019]: Sec. 19. (a) The corporation shall consider the
 8 following factors in evaluating applications filed under this chapter:

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

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

14 ~~(2)~~ **(B)** Evidence of support for the designation by residents,
 15 businesses, and private organizations in the surrounding
 16 community.

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

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

22 **(2) For an applicant that proposes to make a qualified**
 23 **investment in a qualified community development entity,**
 24 **evidence of a commitment by one (1) or more qualified**
 25 **community development entities to match the amount of the**
 26 **credit determined by the corporation with an equal or greater**
 27 **allocation of federal new markets tax credits under Section**
 28 **45D of the Internal Revenue Code.**

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

35 SECTION 8. IC 6-3.1-11-21, AS AMENDED BY P.L.288-2013,
 36 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2019]: Sec. 21. **(a) This subsection applies to a taxpayer**
 38 **who wishes to claim the credit provided by this chapter for a**
 39 **qualified investment that is made to rehabilitate property located**
 40 **within an industrial recovery site.** A taxpayer is not entitled to claim
 41 the credit provided by this chapter if the corporation determines that
 42 the taxpayer has substantially reduced or ceased its operations in



1 Indiana in order to relocate them within the industrial recovery site. A
2 determination that a taxpayer is not entitled to the credit provided by
3 this chapter as a result of a substantial reduction or cessation of
4 operations applies to credits that would otherwise arise in the taxable
5 year in which the substantial reduction or cessation occurs and in all
6 subsequent years.

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

16 SECTION 9. [EFFECTIVE JULY 1, 2019] (a) IC 6-3.1-11-1,
17 IC 6-3.1-11-10, IC 6-3.1-11-18.5, IC 6-3.1-11-19, and
18 IC 6-3.1-11-21, all as amended by this act, apply only to taxable
19 years beginning after December 31, 2019.

20 (b) IC 6-3.1-11-9.5, IC 6-3.1-11-10.5, and IC 6-3.1-11-10.6, all as
21 added by this act, apply only to taxable years beginning after
22 December 31, 2019.

23 (c) This SECTION expires January 1, 2021.

