



Reprinted
February 12, 2019

SENATE BILL No. 171

DIGEST OF SB 171 (Updated February 11, 2019 2:37 pm - DI 120)

Citations Affected: IC 2-5; IC 5-22; IC 5-28; IC 6-1.1; IC 6-3.1; IC 6-3.5; IC 6-6; IC 21-47.

Synopsis: Repeal of certain tax incentives. Repeals the coal conversion system property tax deduction, the coal combustion product property tax deduction, the recycled coal combustion byproduct personal property tax deduction, the aircraft property tax deduction, the intrastate aircraft property tax deduction, the Hoosier alternative fuel vehicle manufacturer investment income tax credit, and the local income tax option hiring incentive credit. Extends the legislative services agency tax incentive review schedule from 5 to 7 years.

Effective: July 1, 2019; January 1, 2020.

Holdman, Houchin,
Randolph Lonnie M, Bohacek

January 3, 2019, read first time and referred to Committee on Tax and Fiscal Policy.
February 5, 2019, reported favorably — Do Pass.
February 11, 2019, read second time, amended, ordered engrossed.

SB 171—LS 6318/DI 58



Reprinted
February 12, 2019

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.

SENATE BILL No. 171

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 2-5-3.2-1, AS AMENDED BY P.L.36-2015,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2019]: Sec. 1. (a) As used in this section, "tax incentive"
4 means a benefit provided through a state or local tax that is intended to
5 alter, reward, or subsidize a particular action or behavior by the tax
6 incentive recipient, including a benefit intended to encourage economic
7 development. The term includes the following:
8 (1) An exemption, deduction, credit, preferential rate, or other tax
9 benefit that:
10 (A) reduces the amount of a tax that would otherwise be due
11 to the state;
12 (B) results in a tax refund in excess of any tax due; or
13 (C) reduces the amount of property taxes that would otherwise
14 be due to a political subdivision of the state.
15 (2) The dedication of revenue by a political subdivision to provide
16 improvements or to retire bonds issued to pay for improvements
17 in an economic or sports development area, a community

SB 171—LS 6318/DI 58



- 1 revitalization area, an enterprise zone, a tax increment financing
2 district, or any other similar area or district.
- 3 (b) The general assembly intends that each tax incentive effectuate
4 the purposes for which it was enacted and that the cost of tax incentives
5 should be included more readily in the biennial budgeting process. To
6 provide the general assembly with the information it needs to make
7 informed policy choices about the efficacy of each tax incentive, the
8 legislative services agency shall conduct a regular review, analysis, and
9 evaluation of all tax incentives according to a schedule developed by
10 the legislative services agency.
- 11 (c) The legislative services agency shall conduct a systematic and
12 comprehensive review, analysis, and evaluation of each tax incentive
13 scheduled for review. The review, analysis, and evaluation must
14 include information about each tax incentive that is necessary to
15 achieve the goals described in subsection (b), which may include any
16 of the following:
- 17 (1) The basic attributes and policy goals of the tax incentive,
18 including the statutory and programmatic goals of the tax
19 incentive, the economic parameters of the tax incentive, the
20 original scope and purpose of the tax incentive, and how the
21 scope or purpose has changed over time.
- 22 (2) The tax incentive's equity, simplicity, competitiveness, public
23 purpose, adequacy, and extent of conformance with the original
24 purposes of the legislation enacting the tax incentive.
- 25 (3) The types of activities on which the tax incentive is based and
26 how effective the tax incentive has been in promoting these
27 targeted activities and in assisting recipients of the tax incentive.
- 28 (4) The count of the following:
- 29 (A) Applicants for the tax incentive.
- 30 (B) Applicants that qualify for the tax incentive.
- 31 (C) Qualified applicants that, if applicable, are approved to
32 receive the tax incentive.
- 33 (D) Taxpayers that actually claim the tax incentive.
- 34 (E) Taxpayers that actually receive the tax incentive.
- 35 (5) The dollar amount of the tax incentive benefits that has been
36 actually claimed by all taxpayers over time, including the
37 following:
- 38 (A) The dollar amount of the tax incentive, listed by the North
39 American Industrial Classification System (NAICS) Code
40 associated with the tax incentive recipients, if an NAICS Code
41 is available.
- 42 (B) The dollar amount of income tax credits that can be carried



- 1 forward for the next five (5) state fiscal years.
- 2 (6) An estimate of the economic impact of the tax incentive,
3 including the following:
- 4 (A) A return on investment calculation for the tax incentive.
5 For purposes of this clause, "return on investment calculation"
6 means analyzing the cost to the state or political subdivision of
7 providing the tax incentive, analyzing the benefits realized by
8 the state or political subdivision from providing the tax
9 incentive.
- 10 (B) A cost-benefit comparison of the state and local revenue
11 foregone and property taxes shifted to other taxpayers as a
12 result of allowing the tax incentive, compared to tax revenue
13 generated by the taxpayer receiving the incentive, including
14 direct taxes applied to the taxpayer and taxes applied to the
15 taxpayer's employees.
- 16 (C) An estimate of the number of jobs that were the direct
17 result of the tax incentive.
- 18 (D) For any tax incentive that is reviewed or approved by the
19 Indiana economic development corporation, a statement by the
20 chief executive officer of the Indiana economic development
21 corporation as to whether the statutory and programmatic
22 goals of the tax incentive are being met, with obstacles to these
23 goals identified, if possible.
- 24 (7) The methodology and assumptions used in carrying out the
25 reviews, analyses, and evaluations required under this subsection.
- 26 (8) The estimated cost to the state to administer the tax incentive.
- 27 (9) An estimate of the extent to which benefits of the tax incentive
28 remained in Indiana or flowed outside Indiana.
- 29 (10) Whether the effectiveness of the tax incentive could be
30 determined more definitively if the general assembly were to
31 clarify or modify the tax incentive's goals and intended purpose.
- 32 (11) Whether measuring the economic impact is significantly
33 limited due to data constraints and whether any changes in statute
34 would facilitate data collection in a way that would allow for
35 better review, analysis, or evaluation.
- 36 (12) An estimate of the indirect economic benefit or activity
37 stimulated by the tax incentive.
- 38 (13) Any additional review, analysis, or evaluation that the
39 legislative services agency considers advisable, including
40 comparisons with tax incentives offered by other states if those
41 comparisons would add value to the review, analysis, and
42 evaluation.



1 The legislative services agency may request a state or local official or
2 a state agency, a political subdivision, a body corporate and politic, or
3 a county or municipal redevelopment commission to furnish
4 information necessary to complete the tax incentive review, analysis,
5 and evaluation required by this section. An official or entity presented
6 with a request from the legislative services agency under this
7 subsection shall cooperate with the legislative services agency in
8 providing the requested information. An official or entity may require
9 that the legislative services agency adhere to the provider's rules, if any,
10 that concern the confidential nature of the information.

11 (d) The legislative services agency shall, before October 1 of each
12 year, submit a report to the legislative council, in an electronic format
13 under IC 5-14-6, and to the interim study committee on fiscal policy
14 established by IC 2-5-1.3-4 containing the results of the legislative
15 services agency's review, analysis, and evaluation. The report must
16 include at least the following:

- 17 (1) A detailed description of the review, analysis, and evaluation
18 for each tax incentive reviewed.
- 19 (2) Information to be used by the general assembly to determine
20 whether a reviewed tax incentive should be continued, modified,
21 or terminated, the basis for the recommendation, and the expected
22 impact of the recommendation on the state's economy.
- 23 (3) Information to be used by the general assembly to better align
24 a reviewed tax incentive with the original intent of the legislation
25 that enacted the tax incentive.

26 The report required by this subsection must not disclose any
27 proprietary or otherwise confidential taxpayer information.

28 (e) The interim study committee on fiscal policy shall do the
29 following:

- 30 (1) Hold at least one (1) public hearing after September 30 and
31 before November 1 of each year at which:
 - 32 (A) the legislative services agency presents the review,
33 analysis, and evaluation of tax incentives; and
 - 34 (B) the interim study committee receives information
35 concerning tax incentives.
- 36 (2) Submit to the legislative council, in an electronic format under
37 IC 5-14-6, any recommendations made by the interim study
38 committee that are related to the legislative services agency's
39 review, analysis, and evaluation of tax incentives prepared under
40 this section.

41 (f) The general assembly shall use the legislative services agency's
42 report under this section and the interim study committee on fiscal



1 policy's recommendations under this section to determine whether a
2 particular tax incentive:

- 3 (1) is successful;
- 4 (2) is provided at a cost that can be accommodated by the state's
- 5 biennial budget; and
- 6 (3) should be continued, amended, or repealed.

7 (g) The legislative services agency shall establish and maintain a
8 system for making available to the public information about the amount
9 and effectiveness of tax incentives.

10 (h) The legislative services agency shall develop and publish on the
11 general assembly's Internet web site a multi-year schedule that lists all
12 tax incentives and indicates the year when the report will be published
13 for each tax incentive reviewed. The legislative services agency may
14 revise the schedule as long as the legislative services agency provides
15 for a systematic review, analysis, and evaluation of all tax incentives
16 and that each tax incentive is reviewed at least once every ~~five (5)~~
17 **seven (7) years.**

18 (i) This section expires December 31, ~~2023~~: **2025.**

19 SECTION 2. IC 5-22-5-8.5, AS AMENDED BY P.L.277-2013,
20 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
21 JANUARY 1, 2020]: Sec. 8.5. (a) As used in this section, "clean
22 energy vehicle" means any of the following:

- 23 (1) A vehicle that operates on one (1) or more of the following
- 24 energy sources:
 - 25 (A) A rechargeable energy storage system.
 - 26 (B) Hydrogen.
 - 27 (C) Compressed air.
 - 28 (D) Compressed or liquid natural gas.
 - 29 (E) Solar energy.
 - 30 (F) Liquefied petroleum gas.
 - 31 ~~(G) Any other alternative fuel (as defined in IC 6-3.1-31.9-1).~~
 - 32 **(G) Methanol, denatured ethanol, and other alcohols.**
 - 33 **(H) Mixtures containing eighty-five percent (85%) or more**
 - 34 **by volume of methanol, denatured ethanol, and other**
 - 35 **alcohols with gasoline or other fuel.**
 - 36 **(I) Natural gas.**
 - 37 **(J) Coal-derived liquid fuels.**
 - 38 **(K) Non-alcohol fuels derived from biological material.**
 - 39 **(L) P-Series fuels.**
 - 40 **(M) Electricity.**
 - 41 **(N) Biodiesel or ultra low sulfur diesel fuel.**

42 (2) A vehicle that operates on gasoline and one (1) or more of the



- 1 energy sources listed in subdivision (1).
 2 (3) A vehicle that operates on diesel fuel and one (1) or more of
 3 the energy sources listed in subdivision (1).
 4 (b) As used in this section, "state entity" means the following:
 5 (1) A state agency.
 6 (2) Any other authority, board, branch, commission, committee,
 7 department, division, or other instrumentality of the executive
 8 (including the administrative), legislative, or judicial department
 9 of state government.
 10 The term includes a state elected official's office and excludes a state
 11 educational institution.
 12 (c) As used in this section, "vehicle" includes the following:
 13 (1) An automobile.
 14 (2) A truck.
 15 (3) A tractor.
 16 (d) Except as provided in subsection (e), if a state entity purchases
 17 or leases a vehicle, it must purchase or lease a clean energy vehicle
 18 unless the Indiana department of administration determines that the
 19 purchase or lease of a clean energy vehicle:
 20 (1) is inappropriate because of the purposes for which the vehicle
 21 will be used; or
 22 (2) would cost at least twenty percent (20%) more than the
 23 purchase or lease of a vehicle that:
 24 (A) is not a clean energy vehicle; and
 25 (B) is designed and equipped comparably to the clean energy
 26 vehicle.
 27 (e) The requirements of subsection (d) do not apply to the:
 28 (1) purchase or lease of vehicles by or for the state police
 29 department; and
 30 (2) short term or temporary lease of vehicles.
 31 (f) The Indiana department of administration shall adopt rules or
 32 guidelines to provide a preference for the purchase or lease by state
 33 entities of clean energy vehicles manufactured wholly or partially in
 34 Indiana or containing parts manufactured in Indiana.
 35 (g) Before August 1, each state entity shall annually submit to the
 36 Indiana department of administration information regarding the use of
 37 clean energy vehicles by the state entity. The information must specify
 38 the following for the preceding state fiscal year:
 39 (1) The amount of ~~alternative fuels~~ **energy sources described in**
 40 **subsection (a)(1)** purchased by the state entity.
 41 (2) The amount of conventional fuels purchased by the state
 42 entity.



1 (3) The average price per gallon paid by the state entity for each
2 type of fuel purchased by the state entity.

3 (4) The total number of vehicles purchased or leased by the state
4 agency that were clean energy vehicles and the total number of
5 vehicles purchased or leased by the state agency that were not
6 clean energy vehicles.

7 (5) Any other information required by the Indiana department of
8 administration.

9 (h) Before September 1, the Indiana department of administration
10 shall annually submit to the general assembly in an electronic format
11 under IC 5-14-6 and to the governor a report that lists the information
12 required under subsection (g) for each state entity and for all state
13 agencies in the aggregate.

14 SECTION 3. IC 5-28-28-4, AS AMENDED BY P.L.238-2017,
15 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JANUARY 1, 2020]: Sec. 4. As used in this chapter, "tax credit" means
17 a state tax liability credit under any of the following:

18 (1) IC 6-3.1-7 (before its expiration).

19 (2) IC 6-3.1-13.

20 (3) IC 6-3.1-26.

21 (4) IC 6-3.1-30.

22 ~~(5) IC 6-3.1-31-9.~~

23 SECTION 4. IC 6-1.1-12-31 IS REPEALED [EFFECTIVE
24 JANUARY 1, 2020]. Sec. 31: (a) For purposes of this section, "coal
25 conversion system" means tangible property directly used to convert
26 coal into a gaseous or liquid fuel or char. This definition includes coal
27 liquification, gasification, pyrolysis, and a fluid bed combustion system
28 designed for pollution control.

29 (b) For each calendar year which begins after December 31, 1979;
30 and before January 1, 1988, the owner of a coal conversion system
31 which is used to process coal is entitled to a deduction from the
32 assessed value of the system. The amount of the deduction for a
33 particular calendar year equals the product of (1) ninety-five percent
34 (95%) of the assessed value of the system, multiplied by (2) a fraction.
35 The numerator of the fraction is the amount of Indiana coal converted
36 by the system during the immediately preceding calendar year and the
37 denominator of the fraction is the total amount of coal converted by the
38 system during the immediately preceding calendar year.

39 (c) The deduction provided by this section applies only if the
40 property owner:

41 (1) owns the property; or

42 (2) is buying the property under contract;



1 on the assessment date for which the deduction applies.

2 SECTION 5. IC 6-1.1-12-34.5 IS REPEALED [EFFECTIVE
3 JANUARY 1, 2020]. Sec. 34.5: (a) As used in this section, "coal
4 combustion product" has the meaning set forth in IC 6-1.1-44-1.

5 (b) As used in this section, "qualified building" means a building
6 designed and constructed to systematically use qualified materials
7 throughout the building.

8 (c) For purposes of this section, building materials are "qualified
9 materials" if at least sixty percent (60%) of the materials' dry weight
10 consists of coal combustion products.

11 (d) The owner of a qualified building, as determined by the center
12 for coal technology research, is entitled to a property tax deduction for
13 not more than three (3) years. The amount of the deduction equals the
14 product of:

- 15 (1) the assessed value of the qualified building; multiplied by
- 16 (2) five percent (5%);

17 (e) The deduction provided by this section applies only if the
18 building owner:

- 19 (1) owns the building; or
- 20 (2) is buying the building under contract;

21 on the assessment date for which the deduction applies.

22 SECTION 6. IC 6-1.1-12-35.5, AS AMENDED BY P.L.183-2014,
23 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JANUARY 1, 2020]: Sec. 35.5. (a) Except as provided in section 36 or
25 44 of this chapter and subject to section 45 of this chapter, a person
26 who desires to claim the deduction provided by section 31, 33 ~~or 34 or~~
27 ~~34.5~~ of this chapter must file a certified statement in duplicate, on
28 forms prescribed by the department of local government finance and
29 proof of certification under subsection (b) ~~or (f)~~ with the auditor of the
30 county in which the property for which the deduction is claimed is
31 subject to assessment. ~~Except as provided in subsection (e); with~~
32 ~~respect to property that is not assessed under IC 6-1.1-7;~~ The person
33 must complete and date the certified statement in the calendar year for
34 which the person wishes to obtain the deduction and file the certified
35 statement with the county auditor on or before January 5 of the
36 immediately succeeding calendar year. With respect to a property
37 which is assessed under IC 6-1.1-7, the person must file the statement
38 during the twelve (12) months before March 31 of each year for which
39 the person desires to obtain the deduction. The statement may be filed
40 in person or by mail. If mailed, the mailing must be postmarked on or
41 before the last day for filing. On verification of the statement by the
42 assessor of the township in which the property for which the deduction



1 is claimed is subject to assessment, or the county assessor if there is no
 2 township assessor for the township, the county auditor shall allow the
 3 deduction.

4 (b) ~~This subsection does not apply to an application for a deduction~~
 5 ~~under section 34.5 of this chapter.~~ The department of environmental
 6 management, upon application by a property owner, shall determine
 7 whether a system or device qualifies for a deduction provided by
 8 section ~~31~~, 33 or 34 of this chapter. If the department determines that
 9 a system or device qualifies for a deduction, it shall certify the system
 10 or device and provide proof of the certification to the property owner.
 11 The department shall prescribe the form and manner of the certification
 12 process required by this subsection.

13 (c) ~~This subsection does not apply to an application for a deduction~~
 14 ~~under section 34.5 of this chapter.~~ If the department of environmental
 15 management receives an application for certification, the department
 16 shall determine whether the system or device qualifies for a deduction.
 17 If the department fails to make a determination under this subsection
 18 before December 31 of the year in which the application is received,
 19 the system or device is considered certified.

20 (d) A denial of a deduction claimed under section ~~31~~, 33 ~~or 34 or~~
 21 ~~34.5~~ of this chapter may be appealed as provided in IC 6-1.1-15. The
 22 appeal is limited to a review of a determination made by the township
 23 assessor county property tax assessment board of appeals, or
 24 department of local government finance.

25 (e) ~~A person who timely files a personal property return under~~
 26 ~~IC 6-1.1-3-7(a) for an assessment year and who desires to claim the~~
 27 ~~deduction provided in section 31 of this chapter for property that is not~~
 28 ~~assessed under IC 6-1.1-7 must file the statement described in~~
 29 ~~subsection (a) during the year in which the personal property return is~~
 30 ~~filed.~~

31 (f) ~~This subsection applies only to an application for a deduction~~
 32 ~~under section 34.5 of this chapter.~~ The center for coal technology
 33 research established by IC 21-47-4-1, upon receiving an application
 34 from the owner of a building, shall determine whether the building
 35 qualifies for a deduction under section 34.5 of this chapter. If the center
 36 determines that a building qualifies for a deduction, the center shall
 37 certify the building and provide proof of the certification to the owner
 38 of the building. The center shall prescribe the form and procedure for
 39 certification of buildings under this subsection. If the center receives
 40 an application for certification of a building under section 34.5 of this
 41 chapter:

42 (1) the center shall determine whether the building qualifies for



1 a deduction; and
 2 ~~(2) if the center fails to make a determination before December 31~~
 3 ~~of the year in which the application is received, the building is~~
 4 ~~considered certified.~~

5 SECTION 7. IC 6-1.1-12-36, AS AMENDED BY P.L.214-2005,
 6 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2020]: Sec. 36. (a) A person who receives a deduction
 8 provided under section 26, 29, 33, 34, ~~34.5~~, or 38 of this chapter for a
 9 particular year and who remains eligible for the deduction for the
 10 following year is not required to file a statement to apply for the
 11 deduction for the following year.

12 (b) A person who receives a deduction provided under section 26,
 13 29, 33, 34, ~~34.5~~, or 38 of this chapter for a particular year and who
 14 becomes ineligible for the deduction for the following year shall notify
 15 the auditor of the county in which the real property or mobile home for
 16 which the person received the deduction is located of the person's
 17 ineligibility before March 31 of the year for which the person becomes
 18 ineligible.

19 (c) The auditor of each county shall, in a particular year, apply a
 20 deduction provided under section 26, 29, 33, 34, ~~34.5~~, or 38 of this
 21 chapter to each person who received the deduction in the preceding
 22 year unless the auditor determines that the person is no longer eligible
 23 for the deduction.

24 SECTION 8. IC 6-1.1-12-43, AS AMENDED BY P.L.250-2015,
 25 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2020]: Sec. 43. (a) For purposes of this section:

- 27 (1) "benefit" refers to a deduction under section 1, 9, 11, 13, 14,
- 28 16, 17.4 (before its expiration), 26, 29, ~~31~~, 33, 34, 37, or 37.5 of
- 29 this chapter;
- 30 (2) "closing agent" means a person that closes a transaction;
- 31 (3) "customer" means an individual who obtains a loan in a
- 32 transaction; and
- 33 (4) "transaction" means a single family residential:
 - 34 (A) first lien purchase money mortgage transaction; or
 - 35 (B) refinancing transaction.

36 (b) Before closing a transaction after December 31, 2004, a closing
 37 agent must provide to the customer the form referred to in subsection
 38 (c).

39 (c) Before June 1, 2004, the department of local government finance
 40 shall prescribe the form to be provided by closing agents to customers
 41 under subsection (b). The department shall make the form available to
 42 closing agents, county assessors, county auditors, and county treasurers



1 in hard copy and electronic form. County assessors, county auditors,
2 and county treasurers shall make the form available to the general
3 public. The form must:

4 (1) on one (1) side:

5 (A) list each benefit;

6 (B) list the eligibility criteria for each benefit; and

7 (C) indicate that a new application for a deduction under
8 section 1 of this chapter is required when residential real
9 property is refinanced;

10 (2) on the other side indicate:

11 (A) each action by and each type of documentation from the
12 customer required to file for each benefit; and

13 (B) sufficient instructions and information to permit a party to
14 terminate a standard deduction under section 37 of this chapter
15 on any property on which the party or the spouse of the party
16 will no longer be eligible for the standard deduction under
17 section 37 of this chapter after the party or the party's spouse
18 begins to reside at the property that is the subject of the
19 closing, including an explanation of the tax consequences and
20 applicable penalties, if a party unlawfully claims a standard
21 deduction under section 37 of this chapter; and

22 (3) be printed in one (1) of two (2) or more colors prescribed by
23 the department of local government finance that distinguish the
24 form from other documents typically used in a closing referred to
25 in subsection (b).

26 (d) A closing agent:

27 (1) may reproduce the form referred to in subsection (c);

28 (2) in reproducing the form, must use a print color prescribed by
29 the department of local government finance; and

30 (3) is not responsible for the content of the form referred to in
31 subsection (c) and shall be held harmless by the department of
32 local government finance from any liability for the content of the
33 form.

34 (e) This subsection applies to a transaction that is closed after
35 December 31, 2009. In addition to providing the customer the form
36 described in subsection (c) before closing the transaction, a closing
37 agent shall do the following as soon as possible after the closing, and
38 within the time prescribed by the department of insurance under
39 IC 27-7-3-15.5:

40 (1) To the extent determinable, input the information described in
41 IC 27-7-3-15.5(c)(2) into the system maintained by the
42 department of insurance under IC 27-7-3-15.5.



- 1 (2) Submit the form described in IC 27-7-3-15.5(c) to the data
- 2 base described in IC 27-7-3-15.5(c)(2)(D).
- 3 (f) A closing agent to which this section applies shall document the
- 4 closing agent's compliance with this section with respect to each
- 5 transaction in the form of verification of compliance signed by the
- 6 customer.
- 7 (g) Subject to IC 27-7-3-15.5(d), a closing agent is subject to a civil
- 8 penalty of twenty-five dollars (\$25) for each instance in which the
- 9 closing agent fails to comply with this section with respect to a
- 10 customer. The penalty:
- 11 (1) may be enforced by the state agency that has administrative
- 12 jurisdiction over the closing agent in the same manner that the
- 13 agency enforces the payment of fees or other penalties payable to
- 14 the agency; and
- 15 (2) shall be paid into:
- 16 (A) the state general fund, if the closing agent fails to comply
- 17 with subsection (b); or
- 18 (B) the home ownership education account established by
- 19 IC 5-20-1-27, if the closing agent fails to comply with
- 20 subsection (e) in a transaction that is closed after December
- 21 31, 2009.
- 22 (h) A closing agent is not liable for any other damages claimed by
- 23 a customer because of:
- 24 (1) the closing agent's mere failure to provide the appropriate
- 25 document to the customer under subsection (b); or
- 26 (2) with respect to a transaction that is closed after December 31,
- 27 2009, the closing agent's failure to input the information or submit
- 28 the form described in subsection (e).
- 29 (i) The state agency that has administrative jurisdiction over a
- 30 closing agent shall:
- 31 (1) examine the closing agent to determine compliance with this
- 32 section; and
- 33 (2) impose and collect penalties under subsection (g).
- 34 SECTION 9. IC 6-1.1-12.2 IS REPEALED [EFFECTIVE
- 35 JANUARY 1, 2020]. (Deduction for Aircraft).
- 36 SECTION 10. IC 6-1.1-12.3 IS REPEALED [EFFECTIVE
- 37 JANUARY 1, 2020]. (Intrastate Aircraft Deduction).
- 38 SECTION 11. IC 6-1.1-44 IS REPEALED [EFFECTIVE
- 39 JANUARY 1, 2020]. (Deduction for Purchases of Investment Property
- 40 by Manufacturers of Recycled Components).
- 41 SECTION 12. IC 6-3.1-1-3, AS AMENDED BY P.L.214-2018(ss),
- 42 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JANUARY 1, 2020]: Sec. 3. (a) A taxpayer (as defined in the following
 2 laws), pass through entity (as defined in the following laws), or
 3 shareholder, partner, or member of a pass through entity may not be
 4 granted more than one (1) tax credit under the following laws for the
 5 same project:

6 (1) IC 6-3.1-10 (enterprise zone investment cost credit) (before its
 7 expiration).

8 (2) IC 6-3.1-11 (industrial recovery tax credit).

9 (3) IC 6-3.1-19 (community revitalization enhancement district
 10 tax credit).

11 (4) IC 6-3.1-24 (venture capital investment tax credit).

12 (5) IC 6-3.1-26 (Hoosier business investment tax credit).

13 ~~(6) IC 6-3.1-31.9 (Hoosier alternative fuel vehicle manufacturer~~
 14 ~~tax credit):~~

15 If a taxpayer, pass through entity, or shareholder, partner, or member
 16 of a pass through entity has been granted more than one (1) tax credit
 17 for the same project, the taxpayer, pass through entity, or shareholder,
 18 partner, or member of a pass through entity must elect to apply only
 19 one (1) of the tax credits in the manner and form prescribed by the
 20 department.

21 (b) A taxpayer (as defined in the following laws), pass through
 22 entity (as defined in the following laws), or shareholder, partner, or
 23 member of a pass through entity that is entitled to one (1) or more tax
 24 credits under the following laws for a taxable year beginning after
 25 December 31, 2016, and ending before January 1, 2018, may elect to
 26 carry forward all or any portion of one (1) or more of those tax credits
 27 to the taxable year beginning after December 31, 2017, and ending
 28 before January 1, 2019:

29 (1) IC 6-3.1-10 (enterprise zone investment cost credit) (before its
 30 expiration).

31 (2) IC 6-3.1-11 (industrial recovery tax credit).

32 (3) IC 6-3.1-19 (community revitalization enhancement district
 33 tax credit).

34 (4) IC 6-3.1-24 (venture capital investment tax credit).

35 (5) IC 6-3.1-26 (Hoosier business investment tax credit).

36 ~~(6) IC 6-3.1-31.9 (Hoosier alternative fuel vehicle manufacturer~~
 37 ~~tax credit):~~

38 A taxpayer, pass through entity, or shareholder, partner, or member of
 39 a pass through entity that wishes to carry forward all or any portion of
 40 a tax credit under this subsection must make an election to do so in the
 41 manner and form prescribed by the department on or before the
 42 taxpayer's due date for filing a return for the taxable year ending after



1 December 31, 2017. This subsection does not affect the limitation set
 2 forth in subsection (a) for the taxable year beginning after December
 3 31, 2017, and ending before January 1, 2019. This subsection expires
 4 on January 1, 2023.

5 SECTION 13. IC 6-3.1-31.9 IS REPEALED [EFFECTIVE
 6 JANUARY 1, 2020]. (Hoosier Alternative Fuel Vehicle Manufacturer
 7 Tax Credit).

8 SECTION 14. IC 6-3.5-9 IS REPEALED [EFFECTIVE JANUARY
 9 1, 2020]. (Local Option Hiring Incentive).

10 SECTION 15. IC 6-6-6.5-9, AS AMENDED BY P.L.42-2011,
 11 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2020]: Sec. 9. (a) The provisions of this chapter
 13 pertaining to registration and taxation shall not apply to any of the
 14 following:

- 15 (1) An aircraft owned by and used exclusively in the service of:
 16 (A) the United States government;
 17 (B) a state (except Indiana), territory, or possession of the
 18 United States;
 19 (C) the District of Columbia; or
 20 (D) a political subdivision of an entity listed in clause (A), (B),
 21 or (C).
- 22 (2) An aircraft owned by a resident of another state and registered
 23 in accordance with the laws of that state. However, the aircraft
 24 shall not be exempt under this subdivision if a nonresident
 25 establishes a base for the aircraft inside this state and the base is
 26 used for a period of sixty (60) days or more.
- 27 (3) An aircraft which this state is prohibited from taxing under
 28 this chapter by the Constitution or the laws of the United States.
- 29 (4) An aircraft owned or operated by a person who is either an air
 30 carrier certificated under Federal Air Regulation Part 121 or a
 31 scheduled air taxi operator certified under Federal Air Regulation
 32 Part 135, unless such person is a corporation incorporated under
 33 the laws of the state of Indiana, an individual who is a resident of
 34 Indiana, or a **domestic** corporation ~~with Indiana corporate~~
 35 ~~headquarters (as defined in IC 6-1.1-12.2-6):~~ **having a physical**
 36 **presence in Indiana that results in Indiana being the regular**
 37 **or principal place of business of its chief executive, operating,**
 38 **and financial officers.**
- 39 (5) An aircraft which has been scrapped, dismantled, or
 40 destroyed, and for which the airworthiness certificate and federal
 41 certificate of registration have been surrendered to the Federal
 42 Aviation Administration by the owner.



1 (6) An aircraft owned by a resident of this state that is not a dealer
 2 and that is not based in this state at any time, if the owner files the
 3 required form not later than thirty-one (31) days after the date of
 4 purchase; and furnishes the department with evidence,
 5 satisfactory to the department, verifying where the aircraft is
 6 based during the year.

7 (7) An aircraft owned by a dealer for not more than five (5) days
 8 if the ownership is part of an ultimate sale or transfer of an
 9 aircraft that will not be based in this state at any time. However,
 10 the dealer described in this subdivision is required to file a report
 11 of the transaction within thirty-one (31) days after the ultimate
 12 sale or transfer of ownership of the aircraft. The report is not
 13 required to identify the seller or purchaser but must list the
 14 aircraft's origin, destination, N number, date of each transaction,
 15 and ultimate sales price.

16 (8) An aircraft owned by a registered nonprofit museum, if the
 17 owner furnishes the department with evidence satisfactory to the
 18 department not later than thirty-one (31) days after the purchase
 19 date. The aircraft must be reported for registration, but the
 20 department shall issue the registration without charge.

21 (b) The provisions of this chapter pertaining to taxation shall not
 22 apply to an aircraft owned by and used exclusively in the service of
 23 Indiana or a political subdivision of Indiana or any university or college
 24 supported in part by state funds. That aircraft must be reported for
 25 registration, but the department will issue the registration without
 26 charge.

27 SECTION 16. IC 6-6-6.5-12 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2020]: Sec. 12. ~~(a)~~ Effective
 29 January 1, 1976, there is hereby imposed an annual license excise tax
 30 upon taxable aircraft, which tax shall be in lieu of the ad valorem
 31 property tax levied for state or local purposes. No taxable aircraft shall
 32 be assessed as personal property for the purpose of the assessment and
 33 levy of personal property or shall be subject to ad valorem taxes.
 34 ~~beginning with taxes for the year of 1975 payable in 1976 and~~
 35 ~~thereafter.~~

36 ~~(b) Eligibility of aircraft for a deduction under IC 6-1-1-12.3 does~~
 37 ~~not exempt a taxpayer from the tax imposed under this chapter on the~~
 38 ~~aircraft.~~

39 SECTION 17. IC 21-47-4-1, AS ADDED BY P.L.2-2007,
 40 SECTION 288, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE JANUARY 1, 2020]: Sec. 1. The center for coal
 42 technology research is established to perform the following duties:



- 1 (1) Develop technologies that can use Indiana coal in an
- 2 environmentally and economically sound manner.
- 3 (2) Investigate the reuse of clean coal technology byproducts
- 4 including fly ash and coal bed methane.
- 5 (3) Generate innovative research in the field of coal use.
- 6 (4) Develop new, efficient, and economical sorbents for effective
- 7 control of emissions.
- 8 (5) Investigate ways to increase coal combustion efficiency.
- 9 (6) Develop materials that withstand higher combustion
- 10 temperatures.
- 11 (7) Carry out any other duty concerning coal technology research,
- 12 including public education, as determined by the center.
- 13 (8) Administer the Indiana coal research grant fund under
- 14 IC 4-23-5.5-16.
- 15 (9) Investigate the use of coal bed methane in the production of
- 16 renewable or alternative fuels and renewable energy sources.
- 17 ~~(10) Determine whether a building is a qualified building for~~
- 18 ~~purposes of a property tax deduction under IC 6-1.1-12-34.5.~~



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 171, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 171 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 14, Nays 0

 SENATE MOTION

Madam President: I move that Senate Bill 171 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 2-5-3.2-1, AS AMENDED BY P.L.36-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 1. (a) As used in this section, "tax incentive" means a benefit provided through a state or local tax that is intended to alter, reward, or subsidize a particular action or behavior by the tax incentive recipient, including a benefit intended to encourage economic development. The term includes the following:

(1) An exemption, deduction, credit, preferential rate, or other tax benefit that:

(A) reduces the amount of a tax that would otherwise be due to the state;

(B) results in a tax refund in excess of any tax due; or

(C) reduces the amount of property taxes that would otherwise be due to a political subdivision of the state.

(2) The dedication of revenue by a political subdivision to provide improvements or to retire bonds issued to pay for improvements in an economic or sports development area, a community revitalization area, an enterprise zone, a tax increment financing district, or any other similar area or district.

(b) The general assembly intends that each tax incentive effectuate the purposes for which it was enacted and that the cost of tax incentives should be included more readily in the biennial budgeting process. To provide the general assembly with the information it needs to make

SB 171—LS 6318/DI 58



informed policy choices about the efficacy of each tax incentive, the legislative services agency shall conduct a regular review, analysis, and evaluation of all tax incentives according to a schedule developed by the legislative services agency.

(c) The legislative services agency shall conduct a systematic and comprehensive review, analysis, and evaluation of each tax incentive scheduled for review. The review, analysis, and evaluation must include information about each tax incentive that is NECESSARY to achieve the goals described in subsection (b), which may include any of the following:

- (1) The basic attributes and policy goals of the tax incentive, including the statutory and programmatic goals of the tax incentive, the economic parameters of the tax incentive, the original scope and purpose of the tax incentive, and how the scope or purpose has changed over time.
- (2) The tax incentive's equity, simplicity, competitiveness, public purpose, adequacy, and extent of conformance with the original purposes of the legislation enacting the tax incentive.
- (3) The types of activities on which the tax incentive is based and how effective the tax incentive has been in promoting these targeted activities and in assisting recipients of the tax incentive.
- (4) The count of the following:
 - (A) Applicants for the tax incentive.
 - (B) Applicants that qualify for the tax incentive.
 - (C) Qualified applicants that, if applicable, are approved to receive the tax incentive.
 - (D) Taxpayers that actually claim the tax incentive.
 - (E) Taxpayers that actually receive the tax incentive.
- (5) The dollar amount of the tax incentive benefits that has been actually claimed by all taxpayers over time, including the following:
 - (A) The dollar amount of the tax incentive, listed by the North American Industrial Classification System (NAICS) Code associated with the tax incentive recipients, if an NAICS Code is available.
 - (B) The dollar amount of income tax credits that can be carried forward for the next five (5) state fiscal years.
- (6) An estimate of the economic impact of the tax incentive, including the following:
 - (A) A return on investment calculation for the tax incentive. For purposes of this clause, "return on investment calculation" means analyzing the cost to the state or political subdivision of



providing the tax incentive, analyzing the benefits realized by the state or political subdivision from providing the tax incentive.

(B) A cost-benefit comparison of the state and local revenue foregone and property taxes shifted to other taxpayers as a result of allowing the tax incentive, compared to tax revenue generated by the taxpayer receiving the incentive, including direct taxes applied to the taxpayer and taxes applied to the taxpayer's employees.

(C) An estimate of the number of jobs that were the direct result of the tax incentive.

(D) For any tax incentive that is reviewed or approved by the Indiana economic development corporation, a statement by the chief executive officer of the Indiana economic development corporation as to whether the statutory and programmatic goals of the tax incentive are being met, with obstacles to these goals identified, if possible.

(7) The methodology and assumptions used in carrying out the reviews, analyses, and evaluations required under this subsection.

(8) The estimated cost to the state to administer the tax incentive.

(9) An estimate of the extent to which benefits of the tax incentive remained in Indiana or flowed outside Indiana.

(10) Whether the effectiveness of the tax incentive could be determined more definitively if the general assembly were to clarify or modify the tax incentive's goals and intended purpose.

(11) Whether measuring the economic impact is significantly limited due to data constraints and whether any changes in statute would facilitate data collection in a way that would allow for better review, analysis, or evaluation.

(12) An estimate of the indirect economic benefit or activity stimulated by the tax incentive.

(13) Any additional review, analysis, or evaluation that the legislative services agency considers advisable, including comparisons with tax incentives offered by other states if those comparisons would add value to the review, analysis, and evaluation.

The legislative services agency may request a state or local official or a state agency, a political subdivision, a body corporate and politic, or a county or municipal redevelopment commission to furnish information necessary to complete the tax incentive review, analysis, and evaluation required by this section. An official or entity presented with a request from the legislative services agency under this



subsection shall cooperate with the legislative services agency in providing the requested information. An official or entity may require that the legislative services agency adhere to the provider's rules, if any, that concern the confidential nature of the information.

(d) The legislative services agency shall, before October 1 of each year, submit a report to the legislative council, in an electronic format under IC 5-14-6, and to the interim study committee on fiscal policy established by IC 2-5-1.3-4 containing the results of the legislative services agency's review, analysis, and evaluation. The report must include at least the following:

- (1) A detailed description of the review, analysis, and evaluation for each tax incentive reviewed.
- (2) Information to be used by the general assembly to determine whether a reviewed tax incentive should be continued, modified, or terminated, the basis for the recommendation, and the expected impact of the recommendation on the state's economy.
- (3) Information to be used by the general assembly to better align a reviewed tax incentive with the original intent of the legislation that enacted the tax incentive.

The report required by this subsection must not disclose any proprietary or otherwise confidential taxpayer information.

(e) The interim study committee on fiscal policy shall do the following:

- (1) Hold at least one (1) public hearing after September 30 and before November 1 of each year at which:
 - (A) the legislative services agency presents the review, analysis, and evaluation of tax incentives; and
 - (B) the interim study committee receives information concerning tax incentives.
- (2) Submit to the legislative council, in an electronic format under IC 5-14-6, any recommendations made by the interim study committee that are related to the legislative services agency's review, analysis, and evaluation of tax incentives prepared under this section.

(f) The general assembly shall use the legislative services agency's report under this section and the interim study committee on fiscal policy's recommendations under this section to determine whether a particular tax incentive:

- (1) is successful;
- (2) is provided at a cost that can be accommodated by the state's biennial budget; and
- (3) should be continued, amended, or repealed.



(g) The legislative services agency shall establish and maintain a system for making available to the public information about the amount and effectiveness of tax incentives.

(h) The legislative services agency shall develop and publish on the general assembly's Internet web site a multi-year schedule that lists all tax incentives and indicates the year when the report will be published for each tax incentive reviewed. The legislative services agency may revise the schedule as long as the legislative services agency provides for a systematic review, analysis, and evaluation of all tax incentives and that each tax incentive is reviewed at least once every ~~five (5)~~ **seven (7)** years.

(i) This section expires December 31, ~~2023~~; **2025**."

Renumber all SECTIONS consecutively.

(Reference is to SB 171 as printed February 6, 2019.)

HOLDMAN

