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:

SECTION 1. IC 6-3.1-11-1, AS AMENDED BY P.L.204-2016, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: 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
described in section 5(2) of this chapter, the time that has expired since a plant was placed in service shall be determined as of the date on which the demolition of the vacant plant was completed.

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

SECTION 2. IC 6-3.1-11-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 9.5. As used in this chapter, "qualified community development entity" has the meaning set forth in Section 45D(c) of the Internal Revenue Code.

SECTION 3. IC 6-3.1-11-10, AS AMENDED BY P.L.288-2013, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 10. As used in this chapter, "qualified investment" means:

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

(2) the amount of a taxpayer's equity investments or loans made:

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

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

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

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

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

(b) The corporation shall prescribe the form of the application.
(c) A taxpayer may submit an application for a tax credit under this chapter with respect to a qualified investment in a qualified community development entity if the qualified investment is made in a taxable year beginning after December 31, 2019.

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

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

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

   (B) Evidence of support for the designation by residents, businesses, and private organizations in the surrounding community.

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

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

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

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

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

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

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

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

(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
added by this act, apply only to taxable years beginning after
December 31, 2019.

(c) This SECTION expires January 1, 2021.