

Adopted	Rejected
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COMMITTEE REPORT

YES:	10
NO:	0

MR. SPEAKER:

*Your Committee on Local Government, to which was referred Senate Bill 4, 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:*

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 4-4-9.7-6, AS AMENDED BY P.L.144-2006,
- 4 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 5 JULY 1, 2013]: Sec. 6. The office shall do the following:
- 6 (1) Administer the rural economic development fund under
- 7 section 9 of this chapter.
- 8 (2) Administer the Indiana main street program under IC 4-4-16.
- 9 (3) Administer the community development block grant program.
- 10 **(4) Make certifications required under IC 6-3.1-16 with**
- 11 **respect to the historic rehabilitation tax credit.**
- 12 SECTION 2. IC 6-3.1-16-0.1 IS ADDED TO THE INDIANA
- 13 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 14 [EFFECTIVE JULY 1, 2013]: **Sec. 0.1. (a) An amendment to this**
- 15 **chapter enacted in 2013 applies to tax credits awarded after June**
- 16 **30, 2013.**

1 **(b) A tax credit awarded under this chapter for a taxable year**
 2 **ending before January 1, 2013, is subject to:**

3 **(1) this chapter (as in effect on January 1, 2013);**

4 **(2) the rules of the natural resources commission (as in effect**
 5 **on January 1, 2013); and**

6 **(3) any terms and conditions imposed upon the tax credit by**
 7 **the department of state revenue or the department of natural**
 8 **resources, including a requirement that the tax credit must be**
 9 **claimed in a taxable year beginning after December 31, 2013.**

10 SECTION 3. IC 6-3.1-16-1.5 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2013]: **Sec. 1.5. As used in this chapter,**
 13 **"difficult development area" has the meaning set forth in Section**
 14 **42(d)(5)(B)(iii) of the Internal Revenue Code.**

15 SECTION 4. IC 6-3.1-16-2.5 IS ADDED TO THE INDIANA
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. As used in this chapter,**
 18 **"office" refers to the office of community and rural affairs**
 19 **established by IC 4-4-9.7-4.**

20 SECTION 5. IC 6-3.1-16-2.8 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE JULY 1, 2013]: **Sec. 2.8. As used in this chapter,**
 23 **"person" means:**

24 **(1) an individual;**

25 **(2) a corporation;**

26 **(3) an S corporation;**

27 **(4) a partnership;**

28 **(5) a limited liability company;**

29 **(6) a limited liability partnership;**

30 **(7) a nonprofit organization; or**

31 **(8) a joint venture.**

32 SECTION 6. IC 6-3.1-16-3.5 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE JULY 1, 2013]: **Sec. 3.5. As used in this chapter,**
 35 **"qualified census tract" has the meaning set forth in Section**
 36 **42(d)(5)(B)(ii) of the Internal Revenue Code.**

37 SECTION 7. IC 6-3.1-16-5.5 IS ADDED TO THE INDIANA
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS

1 [EFFECTIVE JULY 1, 2013]: **Sec. 5.5. As used in this chapter,**
 2 **"rurality index" refers to a ranking of Indiana counties from the**
 3 **least to most rural as determined and updated from time to time by**
 4 **the office.**

5 SECTION 8. IC 6-3.1-16-6.1 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6.1. As used in this
 7 chapter, "taxpayer" means: ~~an individual; a corporation; an S~~
 8 ~~corporation; a partnership; a limited liability company; a limited~~
 9 ~~liability partnership; a nonprofit organization; or a joint venture.~~

10 **(1) a person that:**

11 **(A) is the holder of a credit that is awarded under this**
 12 **chapter; and**

13 **(B) has a state tax liability against which any part of the**
 14 **credit may be applied; or**

15 **(2) a shareholder, partner, or member of a pass through**
 16 **entity that:**

17 **(A) is the holder of a credit that is awarded under this**
 18 **chapter; and**

19 **(B) does not have any state tax liability against which any**
 20 **part of the credit may be applied.**

21 SECTION 9. IC 6-3.1-16-6.5 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2013]: **Sec. 6.5. As used in this chapter,**
 24 **"significant use" refers to the use of a historic property:**

25 **(1) as a residence; or**

26 **(2) in a trade or business for a purpose other than storage or**
 27 **warehousing.**

28 SECTION 10. IC 6-3.1-16-6.6 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2013]: **Sec. 6.6. As used in this chapter,**
 31 **"vacant" means, with respect to a historic property, that at least**
 32 **fifty percent (50%) of the useable interior floor space of the**
 33 **historic property is not occupied and used for a significant use.**

34 SECTION 11. IC 6-3.1-16-7 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) Subject to section
 36 14 of this chapter, a taxpayer is entitled to a credit against the
 37 taxpayer's state tax liability in the taxable year in which the taxpayer
 38 completes the preservation or rehabilitation of historic property and

- 1 obtains the certifications required under section 8 of this chapter.
- 2 (b) The amount of the credit is equal to twenty percent (20%) of the
- 3 qualified expenditures that:
- 4 (1) the taxpayer makes for the preservation or rehabilitation of
- 5 historic property; and
- 6 (2) are approved by the division.
- 7 (b) The credit applies to qualified expenditures that:
- 8 (1) the taxpayer makes for the preservation or rehabilitation
- 9 of historic property; and
- 10 (2) are approved by the office.
- 11 (c) The amount of the credit must be determined under one (1)
- 12 of the following methods:
- 13 (1) If the total amount of the taxpayer's qualified expenditures
- 14 is less than two million dollars (\$2,000,000), the amount of the
- 15 credit is equal to forty percent (40%) of either of the following
- 16 amounts:
- 17 (A) The total amount of the qualified expenditures made
- 18 by the taxpayer.
- 19 (B) The product of:
- 20 (i) the total amount of the qualified expenditures made
- 21 by the taxpayer; multiplied by
- 22 (ii) one and three-tenths (1.3);
- 23 in the case of a person that applies for a credit for the
- 24 preservation or rehabilitation of historic property located
- 25 in a difficult development area or a qualified census tract.
- 26 (2) If the property preserved or rehabilitated is a school, is a
- 27 hospital, or is subject to a grant received under the Indiana
- 28 main street program established under IC 4-4-16-1, the
- 29 amount of the credit is equal to forty percent (40%) of either
- 30 of the following amounts:
- 31 (A) The total amount of the qualified expenditures made
- 32 by the taxpayer.
- 33 (B) The product of:
- 34 (i) the total amount of the qualified expenditures made
- 35 by the taxpayer; multiplied by
- 36 (ii) one and three-tenths (1.3);
- 37 in the case of a person that applies for a credit for the
- 38 preservation or rehabilitation of historic property located

1 **in a difficult development area or a qualified census tract.**
 2 **(3) If the property preserved or rehabilitated obtains a**
 3 **qualifying score under section 7.7 of this chapter, the amount**
 4 **of the credit is equal to forty percent (40%) of either of the**
 5 **following amounts:**

6 **(A) The total amount of the qualified expenditures made**
 7 **by the taxpayer.**

8 **(B) The product of:**

9 **(i) the total amount of the qualified expenditures made**
 10 **by the taxpayer; multiplied by**

11 **(ii) one and three-tenths (1.3);**

12 **in the case of a person that applies for a credit for the**
 13 **preservation or rehabilitation of historic property located**
 14 **in a difficult development area or a qualified census tract.**

15 **(4) If the property preserved or rehabilitated is not described**
 16 **by subdivisions (1) through (3), the amount of the credit is**
 17 **equal to twenty percent (20%) of the appropriate amount as**
 18 **follows:**

19 **(A) The total amount of the qualified expenditures made**
 20 **by the taxpayer.**

21 **(B) The product of:**

22 **(i) the total amount of the qualified expenditures made**
 23 **by the taxpayer; multiplied by**

24 **(ii) one and three-tenths (1.3);**

25 **in the case of a person that applies for a credit for the**
 26 **preservation or rehabilitation of historic property located**
 27 **in a difficult development area or a qualified census tract.**

28 **(e) (d) In the case of a husband and wife who:**

29 **(1) own and rehabilitate a historic property jointly; and**

30 **(2) file separate tax returns;**

31 **the husband and wife may take the credit in equal shares or one (1)**
 32 **spouse may take the whole credit.**

33 **SECTION 12. IC 6-3.1-16-7.7 IS ADDED TO THE INDIANA**
 34 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
 35 **[EFFECTIVE JULY 1, 2013]: Sec. 7.7. (a) The office shall develop**
 36 **a scoring system to evaluate preservation or rehabilitation projects**
 37 **for purposes of qualifying for an enhanced credit under section**
 38 **7(c)(3) of this chapter.**

1 **(b) A project scoring at least fifty (50) points in a system**
 2 **developed under this section is entitled to receive the enhanced**
 3 **credit under section 7(c)(3) of this chapter.**

4 **(c) The system must contain the following components:**

5 **(1) A score that is equal to the quotient of:**

6 **(A) the rurality index rank of the county in which the**
 7 **preservation or rehabilitation project is located; divided by**

8 **(B) two (2).**

9 **(2) A score that is equal to the quotient of:**

10 **(A) the median household income rank of the county in**
 11 **which the preservation or rehabilitation project is located**
 12 **as determined by the United States Census Bureau; divided**
 13 **by**

14 **(B) four (4).**

15 **However, the score determined under this subdivision is zero**

16 **(0) if the county's median household income is equal to or**
 17 **greater than the Indiana median household income.**

18 **(3) A score for the quality of the building being preserved or**
 19 **rehabilitated by the taxpayer as follows:**

20 **(A) Fifteen (15) points for a building rated outstanding in**
 21 **the most recent interim report published by the division**
 22 **for the county in which the property is located.**

23 **(B) Ten (10) points for a building rated notable in the most**
 24 **recent interim report published by the division for the**
 25 **county in which the property is located.**

26 **(C) Zero (0) points for a building that is neither**
 27 **outstanding nor notable.**

28 **SECTION 13. IC 6-3.1-16-8 IS AMENDED TO READ AS**
 29 **FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 8. A taxpayer qualifies**
 30 **for a credit under section 7 of this chapter if all of the following**
 31 **conditions are met:**

32 **(1) The historic property: ~~is:~~**

33 **(A) is located in Indiana;**

34 **(B) is at least fifty (50) years old; ~~and~~**

35 **(C) has been vacant for at least one (1) year as of the date**
 36 **the taxpayer submitted a proposed preservation or**
 37 **rehabilitation plan to the division; and**

38 **~~(D)~~ (D) except as provided in section ~~7(c)~~ 7(d) of this chapter,**

- 1 **is** owned by the taxpayer.
- 2 (2) The ~~division~~ **office** certifies that the historic property is listed
- 3 in the register of Indiana historic sites and historic structures.
- 4 (3) The ~~division~~ **office** certifies that the taxpayer submitted a
- 5 proposed preservation or rehabilitation plan to the ~~division~~ **office**
- 6 that complies with the standards of the division.
- 7 (4) The ~~division~~ **office** certifies that the preservation or
- 8 rehabilitation work that is the subject of the credit substantially
- 9 complies with the proposed plan referred to in subdivision (3).
- 10 (5) The preservation or rehabilitation work is completed in not
- 11 more than:
- 12 (A) two (2) years; or
- 13 (B) five (5) years if the preservation or rehabilitation plan
- 14 indicates that the preservation or rehabilitation is initially
- 15 planned for completion in phases.
- 16 The time in which work must be completed begins when the
- 17 physical work of construction or destruction in preparation for
- 18 construction begins.
- 19 (6) The historic property is:
- 20 (A) actively used in a trade or business;
- 21 (B) held for the production of income; or
- 22 (C) held for ~~the~~ rental or other use in the ordinary course of the
- 23 taxpayer's trade or business.
- 24 (7) The qualified expenditures for preservation or rehabilitation
- 25 of the historic property exceed ~~ten~~ **twenty-five** thousand dollars
- 26 (~~\$10,000~~): **(\$25,000)**.
- 27 SECTION 14. IC 6-3.1-16-9 IS AMENDED TO READ AS
- 28 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 9. (a) The ~~division~~
- 29 **office** shall provide the certifications referred to in section 8(3) and
- 30 8(4) of this chapter if a taxpayer's proposed preservation or
- 31 rehabilitation plan complies with the standards of the ~~division~~ **office**
- 32 and the taxpayer's preservation or rehabilitation work complies with the
- 33 plan.
- 34 (b) The taxpayer may appeal a decision by the ~~division~~ **office** under
- 35 this chapter to the review board.
- 36 SECTION 15. IC 6-3.1-16-10 IS AMENDED TO READ AS
- 37 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. To obtain a credit
- 38 under this chapter, a taxpayer must claim the credit on the taxpayer's

1 annual state tax return or returns in the manner prescribed by the
 2 department of state revenue. The taxpayer shall submit to the
 3 department of state revenue the certifications by the ~~division~~ **office**
 4 required under section 8 of this chapter and all information that the
 5 department of state revenue determines is necessary for the calculation
 6 of the credit provided by this chapter.

7 SECTION 16. IC 6-3.1-16-10.5 IS ADDED TO THE INDIANA
 8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 9 [EFFECTIVE JULY 1, 2013]: **Sec. 10.5. The division shall provide**
 10 **the office with technical guidance and any assistance necessary to**
 11 **implement this chapter.**

12 SECTION 17. IC 6-3.1-16-11 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 11. **(a) This section**
 14 **does not apply to a person if the person is entitled to a credit under**
 15 **Section 42 of the Internal Revenue Code for the historic property.**

16 **(b)** For purposes of IC 6-3, the adjusted basis of:

17 (1) the structure, if the historic property is a structure; or

18 (2) the entire property, if the historic property is not a structure;

19 shall be reduced by the amount of a credit granted under this chapter.

20 SECTION 18. IC 6-3.1-16-12 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 12. **(a) Except as**
 22 **provided in subsection (b),** a credit claimed under this chapter shall
 23 be recaptured from the taxpayer **who obtained the certifications**
 24 **required under section 8 of this chapter** if:

25 (1) the property is transferred less than five (5) years after
 26 completion of the certified preservation or rehabilitation work; or

27 (2) less than five (5) years after completion of the certified
 28 preservation or rehabilitation, additional modifications to the
 29 property are undertaken that do not meet the standards of the
 30 division.

31 **(b) A historic property subject to a tax credit awarded under**
 32 **this chapter may be transferred without subjecting the tax credit**
 33 **to recapture under subsection (a) if the historic property is**
 34 **transferred as a condominium (as defined by IC 32-25-2-7).**

35 ~~(b)~~ **(c)** If the recapture of a credit is required under this section, an
 36 amount equal to the credit recaptured shall be added to the tax liability
 37 of the taxpayer for the taxable year during which the credit is
 38 recaptured.

1 SECTION 19. IC 6-3.1-16-14 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 14. (a) The amount of
 3 tax credits allowed under this chapter may not exceed **the following**
 4 **amounts:**

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

8 ~~(2)~~ (1) Four hundred fifty thousand dollars (\$450,000) in a state
 9 fiscal year that begins July 1, after **June 30, 1999, or thereafter.**
 10 **and ends before July 1, 2013.**

11 (2) Two million five hundred thousand dollars (\$2,500,000) in
 12 the state fiscal year beginning July 1, 2013.

13 (3) Five million dollars (\$5,000,000) in the state fiscal year
 14 beginning July 1, 2014.

15 (4) Seven million five hundred thousand dollars (\$7,500,000)
 16 in the state fiscal year beginning July 1, 2015.

17 (5) Ten million dollars (\$10,000,000) in a state fiscal year
 18 beginning after June 30, 2016.

19 (b) The amount of the tax credit allowed under this chapter for
 20 the preservation or rehabilitation of a particular property in a
 21 particular state fiscal year may not exceed the product of:

22 (1) the total amount of credits that may be allowed to all
 23 taxpayers in that state fiscal year; multiplied by

24 (2) twenty percent (20%).

25 (c) The office shall reserve twenty-five percent (25%) of the
 26 total amount of available tax credits in each state fiscal year for
 27 projects for which the qualified expenditures approved by the
 28 office do not exceed five hundred thousand dollars (\$500,000). If
 29 the amount reserved under this subsection exceeds the amount of
 30 tax credits actually allowed to taxpayers that are eligible to receive
 31 tax credits from the reserved amount, the office may allow the
 32 excess amount to be claimed by any taxpayer otherwise entitled to
 33 a tax credit under this chapter.

34 (d) The office may not increase the amount of tax credits
 35 allowed under subsection (a) in a particular state fiscal year by
 36 reducing the amount specified by subsection (a) for any other state
 37 fiscal year.

38 SECTION 20. IC 6-3.1-16-15 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 15. The following may
2 adopt rules under IC 4-22-2, **including emergency rules in the**
3 **manner provided under IC 4-22-2-37.1**, to carry out this chapter:

- 4 (1) The department of state revenue.
- 5 (2) The ~~division~~ **office**.

6 SECTION 21. IC 6-3.1-16-16 IS ADDED TO THE INDIANA
7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2013]: **Sec. 16. (a) 312 IAC 23-3-4(b) is void.**

9 **(b) The publisher of the Indiana Administrative Code and**
10 **Indiana Register shall remove 312 IAC 23-3-4(b) from the Indiana**
11 **Administrative Code.**

12 SECTION 22. IC 6-3.1-16-17 IS ADDED TO THE INDIANA
13 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
14 [EFFECTIVE JULY 1, 2013]: **Sec. 17. The property, records, and**
15 **administrative rules maintained by the division to implement this**
16 **chapter are transferred to the office on July 1, 2013."**

- 17 Page 2, line 5, after "mail," insert "**sent**".
- 18 Page 2, line 8, after "mail," insert "**sent**".
- 19 Page 3, line 2, after "Whether" insert "**removal of or**".
- 20 Page 3, delete lines 12 through 21, begin a new paragraph and
- 21 insert:

22 **"(e) Not later than forty-five (45) days after receiving the**
23 **historic preservation commission's findings, the legislative body of**
24 **the unit shall:**

- 25 **(1) take public comment and receive evidence in support of or**
- 26 **in opposition to the petition; and**
- 27 **(2) do one (1) of the following:**
 - 28 **(A) Deny the petition.**
 - 29 **(B) Grant the petition by adopting an ordinance that**
 - 30 **removes the designation of the historic district by:**
 - 31 **(i) a majority vote, if the recommendation of the historic**
 - 32 **preservation commission is to grant the petition; or**
 - 33 **(ii) a two-thirds (2/3) vote, if the recommendation of the**

- 1 **historic preservation commission is to deny the petition."**
- 2 Renumber all SECTIONS consecutively.
(Reference is to SB 4 as printed January 25, 2013.)

and when so amended that said bill do pass.

Representative Neese