

SENATE BILL No. 643

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Tax credit for brownfield program. Allows a credit against state tax liability for certain voluntary environmental remediation costs. Appropriates \$10,000,000 to the environmental remediation revolving loan fund.

Effective: July 1, 1999; January 1, 2000.

Simpson

January 22, 1999, read first time and referred to Committee on Environmental Affairs.

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First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

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SENATE BILL No. 643



A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

- 1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JANUARY 1, 2000]:
- 4 **Chapter 20. Voluntary Remediation Tax Credit**
- 5 **Sec. 1. As used in this chapter, "brownfield" has the meaning set**
- 6 **forth in IC 13-11-2-19.3.**
- 7 **Sec. 2. As used in this chapter, "pass through entity" means:**
- 8 (1) a corporation that is exempt from the adjusted gross
- 9 income tax under IC 6-3-2-2.8(2);
- 10 (2) a partnership;
- 11 (3) a limited liability company; or
- 12 (4) a limited liability partnership.
- 13 **Sec. 3. As used in this chapter, "qualified investment" means**
- 14 **costs that:**
- 15 (1) are incurred to conduct a voluntary remediation under
- 16 IC 13-25-5 that involves the remediation of a brownfield;
- 17 (2) may not be recovered by a taxpayer from any other person



1 after the taxpayer has made a good faith effort to recover the
2 costs; and

3 (3) are approved by the department of environmental
4 management under section 12 of this chapter.

5 **Sec. 4.** As used in this chapter, "state tax liability" means a
6 taxpayer's total tax liability incurred under:

- 7 (1) IC 6-2.1 (the gross income tax);
8 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
9 (3) IC 6-3-8 (the supplemental net income tax);
10 (4) IC 6-5-10 (the bank tax);
11 (5) IC 6-5-11 (the savings and loan association tax);
12 (6) IC 27-1-18-2 (the insurance premiums tax);
13 (7) IC 6-5.5 (the financial institutions tax); and
14 (8) IC 6-2.5 (the state gross retail and use tax);

15 as computed after the application of the credits that under
16 IC 6-3.1-1-2 are to be applied before the credit provided by this
17 chapter.

18 **Sec. 5.** (a) A taxpayer is entitled to a credit equal to the amount
19 determined under section 6 of this chapter against the taxpayer's
20 state tax liability for a taxable year if the following requirements
21 are satisfied:

22 (1) The taxpayer does the following:

23 (A) The taxpayer makes a qualified investment in that
24 taxable year.

25 (B) The taxpayer makes a good faith attempt to recover the
26 costs of the environmental damages from the liable parties.

27 (C) The taxpayer submits a plan to the legislative body of
28 the political subdivision in which the property is located to
29 redevelop the property in a manner in which the legislative
30 body determines to be in the best interest of the
31 community.

32 (2) The legislative body of the political subdivision in which
33 the property is located adopts a resolution under section 7 of
34 this chapter approving the credit.

35 (b) The redevelopment plan must include a statement of public
36 benefits, which must include the following:

37 (1) A description of the proposed redevelopment.

38 (2) An estimate of the number of individuals who will be
39 employed or housed in the new development, and an estimate
40 of the annual salaries of the employees.

41 (c) In determining whether the redevelopment is in the best
42 interest of the community, the legislative body must consider,

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1 among other things, whether the proposed development promotes:

- 2 (1) the development of low to moderate income housing;
 3 (2) the development of green space;
 4 (3) the development of high technology businesses; or
 5 (4) the creation or retention of high paying jobs.

6 Sec. 6. The amount of the credit allowed under this chapter is
 7 equal to twenty-five percent (25%) multiplied by the qualified
 8 investment made by the taxpayer during the taxable year.

9 Sec. 7. After the submission of a statement of benefits under
 10 section 5 of this chapter, the legislative body may adopt a
 11 resolution to approve a tax credit.

12 Sec. 8. Before adopting a resolution under section 7 of this
 13 chapter, a legislative body shall publish notice of the proposed
 14 resolution and the public hearing required under section 9 of this
 15 chapter in accordance with IC 5-3-1. The published notice must
 16 contain the substance of the proposed resolution.

17 Sec. 9. Before adopting a resolution under section 7 of this
 18 chapter, the legislative body must review the statement of benefits
 19 required under section 5 of this chapter and conduct a public
 20 hearing on the proposed tax credit.

21 Sec. 10. (a) The legislative body shall determine whether to
 22 approve a tax credit allowed under this chapter.

23 (b) A legislative body may approve a credit only if the following
 24 findings are made in the affirmative:

25 (1) The taxpayer:

26 (A) has never had an ownership interest in an entity that
 27 contributed; and

28 (B) has not contributed;

29 to contamination (as defined in IC 13-11-2-43) that is the
 30 subject of the voluntary remediation, as determined under the
 31 written standards adopted by the department of
 32 environmental management.

33 (2) The proposed improvement or property will be located in
 34 a zone as defined in IC 6-1.1-42-4.

35 (3) The estimate of the value of the remediation and
 36 redevelopment is reasonable for projects of that nature.

37 (4) The estimate of the number of individuals who will be
 38 housed, employed, or whose employment will be retained can
 39 be reasonably expected to result from the proposed described
 40 remediation and redevelopment.

41 (5) The estimate of the annual salaries of those individuals
 42 who will be employed or whose employment will be retained



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1 can be reasonably expected to result from the proposed
2 described remediation and redevelopment.

3 (6) Any other benefits about which information was requested
4 are benefits that can be reasonably expected to result from the
5 proposed described remediation and redevelopment.

6 (7) The totality of benefits is sufficient to justify the credit.

7 **Sec. 11. (a)** If the amount determined under section 6 of this
8 chapter in a taxable year exceeds the taxpayer's state tax liability
9 for that taxable year, the taxpayer may carry the excess over for
10 not more than the immediately following five (5) taxable years. The
11 amount of the credit carryover from a taxable year shall be
12 reduced to the extent that the carryover is used by the taxpayer to
13 obtain a credit under this chapter for any subsequent taxable year.

14 (b) A taxpayer is entitled to a carryback of any unused credit
15 for not more than five (5) years.

16 **Sec. 12. (a)** To be entitled to a credit under this chapter, a
17 taxpayer must request the department of environmental
18 management to determine if costs incurred in a voluntary
19 remediation involving a brownfield are qualified investments.

20 (b) The request under subsection (a) must be made before the
21 costs are incurred.

22 (c) The department of environmental management shall find
23 that costs are a qualified investment to the extent that the costs:

24 (1) result from work performed in Indiana to conduct a
25 voluntary remediation under IC 13-25-5 that involves the
26 remediation of a brownfield;

27 (2) may not be recovered by the taxpayer from any other
28 person after the taxpayer has made a good faith effort to
29 recover the costs; and

30 (3) result in taxable income to any other Indiana taxpayer;
31 as determined under the standards adopted by the department of
32 environmental management.

33 **Sec. 13. (a)** To receive the credit provided by this chapter, a
34 taxpayer must claim the credit on the taxpayer's state tax return
35 or returns in the manner prescribed by the department.

36 (b) The taxpayer shall submit all of the following to the
37 department of state revenue:

38 (1) The certification of the credit by the department of
39 environmental management.

40 (2) Proof of payment of the certified qualified investment.

41 (3) Proof of the legislative body's approval of the credit.

42 (4) Information that the department determines is necessary

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1 for the calculation of the credit provided by this chapter and
2 for the determination of whether an investment cost is a
3 qualified investment cost.

4 **Sec. 14. (a) If a pass through entity is entitled to a credit under**
5 **this chapter but does not have state tax liability against which the**
6 **tax credit may be applied, a shareholder, a partner, or a member**
7 **of the pass through entity is entitled to a tax credit equal to:**

8 (1) the tax credit determined for the pass through entity for
9 the taxable year; multiplied by

10 (2) the percentage of the pass through entity's distributive
11 income to which the shareholder, partner, or member is
12 entitled.

13 (b) The credit provided under subsection (a) is in addition to a
14 tax credit to which a shareholder, partner, or member of a pass
15 through entity is otherwise entitled under this chapter. However,
16 a pass through entity and a shareholder, partner, or member of the
17 pass through entity may not claim more than one (1) credit for the
18 same qualified expenditure.

19 **Sec. 15. (a) The amount of tax credits allowed under this chapter**
20 **may not exceed five million dollars (\$5,000,000) in a state fiscal**
21 **year.**

22 (b) The department shall record the time of filing of each
23 application for allowance of a credit under section 13 of this
24 chapter and shall approve an application, if the applicant
25 otherwise qualifies for a tax credit under this chapter, in the
26 chronological order in which the application is filed in the state
27 fiscal year.

28 (c) If the total credits approved under this section equal the
29 maximum amount allowable in a state fiscal year, an application
30 thereafter filed in that same fiscal year may not be approved.
31 However, if an applicant for whom a credit has been approved fails
32 to file the statement of proof of payment required under section 13
33 of this chapter, an amount equal to the credit previously allowed
34 or set aside for the applicant may be allowed to the next eligible
35 applicant or applicants until the total amount has been allowed. In
36 addition, the department may, if the applicant so requests, approve
37 a credit application, in whole or in part, with respect to the next
38 succeeding state fiscal year.

39 SECTION 2. [EFFECTIVE JULY 1, 1999] (a) There is
40 appropriated ten million dollars (\$10,000,000) to the
41 environmental remediation revolving loan fund established under
42 IC 13-19-5-2 from the state general fund for environmental

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1 remediation for the period beginning July 1, 1999, and ending June
2 30, 2001.

3 (b) This SECTION expires July 1, 2001.

4 SECTION 3. [EFFECTIVE JANUARY 1, 2000] IC 6-3.1-20, as
5 added by this act, applies to taxable years beginning after
6 December 31, 1999.

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