

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Appropriations, to which was referred House Bill No. 1111, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 1 through 17.
- 2 Page 2, delete lines 1 through 35.
- 3 Delete page 3.
- 4 Page 4, delete lines 1 through 20.
- 5 Page 4, line 31, reset in roman "7(c)".
- 6 Page 4, line 31, delete "7(d)".
- 7 Page 5, delete lines 16 through 42, begin a new paragraph and
- 8 insert:
- 9 "SECTION 3. IC 6-3.1-16-9 IS AMENDED TO READ AS
- 10 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. (a) **Subject to**
- 11 **section 14(b) of this chapter**, the division shall provide the
- 12 certifications referred to in section 8(3) and 8(4) of this chapter if a
- 13 taxpayer's proposed preservation or rehabilitation plan complies with
- 14 the standards of the division and the taxpayer's preservation or
- 15 rehabilitation work complies with the plan.
- 16 (b) The taxpayer may appeal a decision by the division under this
- 17 chapter to the review board."
- 18 Page 6, delete lines 1 through 2.
- 19 Page 6, line 5, strike "allowed" and insert "**certified**".
- 20 Page 6, line 5, after "chapter" insert "**by the division for a**
- 21 **particular state fiscal year (excluding any credit amounts that are**

- 1 **carried over from a previous year)".**
- 2 Page 6, line 5, delete "the following".
- 3 Page 6, delete line 6.
- 4 Page 6, line 10, delete "(1) Four" and insert "four".
- 5 Page 6, run in lines 5 through 10.
- 6 Page 6, line 11, after "year" insert ".".
- 7 Page 6, line 11, strike "that begins".
- 8 Page 6, line 11, delete "after June 30,".
- 9 Page 6, line 11, strike "1999,".
- 10 Page 6, delete lines 12 through 14, begin a new paragraph and
- 11 insert:
- 12 **"(b) After June 30, 2012, the division may not certify an**
- 13 **additional tax credit under this chapter until each tax credit**
- 14 **certified under this chapter before July 1, 2012, has been claimed**
- 15 **(in whole or in part) by a taxpayer. In addition, after June 30,**
- 16 **2012, the division may not, in any particular state fiscal year,**
- 17 **certify an additional tax credit under this chapter unless the tax**
- 18 **credit may be certified for that particular state fiscal year."**
- 19 Page 6, line 15, delete "(b)" and insert "(c)".
- 20 Page 6, line 15, delete "allowed" and insert "**certified by the**
- 21 **division"**.
- 22 Page 6, line 18, delete "allowed to" and insert "**certified by the**
- 23 **division for"**.
- 24 Page 6, line 21, delete "(c)" and insert "**(d)"**.
- 25 Page 6, line 24, delete "If".
- 26 Page 6, delete lines 25 through 29.
- 27 Page 6, line 30, delete "(d)" and insert "**(e)"**.
- 28 Page 6, line 31, delete "allowed" and insert "**certified"**.
- 29 Page 6, line 35, delete "allowed" and insert "**certified"**.
- 30 Page 6, delete lines 39 through 42, begin a new paragraph and
- 31 insert:
- 32 "SECTION 12. IC 36-7-11.6 IS ADDED TO THE INDIANA CODE
- 33 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 34 JULY 1, 2012]:
- 35 **Chapter 11.6. Local Tax Credits for Preservation or**
- 36 **Rehabilitation of Historic Property**
- 37 **Sec. 1. As used in this chapter, "designating body" means the**
- 38 **following:**
- 39 **(1) The fiscal body of a county.**
- 40 **(2) The fiscal body of a municipality.**
- 41 **Sec. 2. As used in this chapter, "historic property" means**
- 42 **property that:**

- 1 **(1) is located in Indiana;**
- 2 **(2) is at least fifty (50) years old;**
- 3 **(3) has been vacant for at least one (1) year before the**
4 **taxpayer made the qualified expenditures for preservation or**
5 **rehabilitation of the property;**
- 6 **(4) is owned by the taxpayer; and**
- 7 **(5) is listed in the register of Indiana historic sites and historic**
8 **structures.**

9 **Sec. 3. As used in this chapter, "local income tax liability"**
10 **means a taxpayer's total tax liability incurred under IC 6-3.5 in the**
11 **county in which a credit is granted under this chapter.**

12 **Sec. 4. As used in this chapter, "pass through entity" means:**
13 **(1) a corporation that is exempt from the adjusted gross**
14 **income tax under IC 6-3-2-2.8(2);**
15 **(2) a partnership;**
16 **(3) a limited liability company; or**
17 **(4) a limited liability partnership.**

18 **Sec. 5. As used in this chapter, "preservation" has the meaning**
19 **set forth in IC 6-3.1-16-3.**

20 **Sec. 6. As used in this chapter, "qualified expenditures" has the**
21 **meaning set forth in IC 6-3.1-16-4.**

22 **Sec. 7. As used in this chapter, "rehabilitation" has the meaning**
23 **set forth in IC 6-3.1-16-5.**

24 **Sec. 8. As used in this chapter, "vacant" means, with respect to**
25 **a historic property, that at least fifty percent (50%) of the usable**
26 **interior floor space of the historic property is not occupied as a**
27 **residence or actively used in a trade or business.**

28 **Sec. 9. (a) A designating body may adopt an ordinance to**
29 **authorize a credit under this chapter.**

30 **(b) An ordinance adopted under this section to authorize a**
31 **credit under this chapter must specify the following:**

- 32 **(1) Whether the credit will apply to:**
 - 33 **(A) a taxpayer's local income tax liability; or**
 - 34 **(B) a taxpayer's property tax liability.**
- 35 **(2) The qualified expenditures that are eligible for the credit.**
- 36 **(3) The percentage of the credit. However, the credit**
37 **percentage may not exceed twenty percent (20%).**
- 38 **(4) Subject to this chapter, any other conditions that must be**
39 **satisfied before a taxpayer may claim a credit under this**
40 **chapter, including any conditions under which the credit may**
41 **be recaptured.**
- 42 **(5) The annual limit, if any, on the amount of credits that may**

1 **be claimed under the ordinance.**

2 **Sec. 10. (a) If a designating body authorizes a credit under this**
3 **chapter, a taxpayer is entitled to a credit against the taxpayer's**
4 **local income tax liability or property tax liability (as specified in**
5 **the ordinance adopted by the designating body) for the year in**
6 **which the taxpayer completes the preservation or rehabilitation of**
7 **the historic property.**

8 **(b) The amount of the credit is equal to:**

9 **(1) the percentage specified in the ordinance adopted by the**
10 **designating body; multiplied by**

11 **(2) the amount of the qualified expenditures that:**

12 **(A) the taxpayer makes for the preservation or**
13 **rehabilitation of historic property; and**

14 **(B) are eligible for the credit, as specified in the ordinance**
15 **adopted by the designating body.**

16 **Sec. 11. (a) An ordinance adopted under section 9 of this chapter**
17 **by a designating body that is a municipal fiscal body may allow a**
18 **credit under this chapter only for the preservation or**
19 **rehabilitation of historic property that is located within the**
20 **municipality.**

21 **(b) An ordinance adopted under section 9 of this chapter by a**
22 **designating body that is a county fiscal body may allow a credit**
23 **under this chapter only for the preservation or rehabilitation of**
24 **historic property that is located within the county and that is not**
25 **located within a municipality.**

26 **Sec. 12. (a) If a pass through entity is entitled to a credit under**
27 **this chapter but does not have tax liability against which the credit**
28 **may be applied, a shareholder, partner, or member of the pass**
29 **through entity is entitled to a credit equal to:**

30 **(1) the credit determined for the pass through entity for the**
31 **year; multiplied by**

32 **(2) the percentage of the pass through entity's distributive**
33 **income to which the shareholder, partner, or member is**
34 **entitled.**

35 **(b) The credit provided under subsection (a) is in addition to a**
36 **credit to which a shareholder, partner, or member of a pass**
37 **through entity is otherwise entitled under this chapter. However,**
38 **a pass through entity and a shareholder, partner, or member of the**
39 **pass through entity may not claim more than one (1) credit for the**
40 **same qualified expenditure.**

41 **Sec. 13. If the credit provided by this chapter exceeds a**
42 **taxpayer's tax liability for the year for which the credit is first**

1 **claimed, the excess may be carried over to succeeding years and**
2 **used as a credit against the tax (as specified in the ordinance**
3 **adopted by the designating body) otherwise due and payable by the**
4 **taxpayer during those years. Each time that the credit is carried**
5 **over to a succeeding year, the credit is to be reduced by the amount**
6 **that was used as a credit during the immediately preceding year.**

7 **Sec. 14. (a) If a taxpayer claims a credit authorized by a**
8 **designating body that is a municipal fiscal body, the amount of the**
9 **local income tax distributions or property tax distributions (as**
10 **appropriate) otherwise to be received by the municipality shall be**
11 **reduced by the amount of the credit.**

12 **(b) If a taxpayer claims a credit authorized by a designating**
13 **body that is a county fiscal body, the amount of the local income**
14 **tax distributions or property tax distributions (as appropriate)**
15 **otherwise to be received by the county unit shall be reduced by the**
16 **amount of the credit.**

17 **Sec. 15. The department of state revenue and the department of**
18 **local government finance shall adopt any forms that are necessary**
19 **for a taxpayer to claim a credit under this chapter."**

20 Delete pages 7 through 10.

21 Renumber all SECTIONS consecutively.

(Reference is to HB 1111 as printed January 27, 2012.)

and when so amended that said bill do pass .

Committee Vote: Yeas 12, Nays 0.

Senator Kenley, Chairperson