
HOUSE BILL No. 1545

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-22-5-8.5; IC 5-28; IC 6-1.1; IC 6-2.5-4-5; IC 6-3-2-1.5; IC 6-3.1; IC 8-22-3.5-14.

Synopsis: Tax credits. Makes numerous changes to the administration of the Hoosier business investment tax credit, the headquarters relocation tax credit, and the venture capital investment tax credit. Repeals the military base recovery tax credit, the military base investment cost credit, the capital investment tax credit, the coal combustion product tax credit, and the Hoosier alternative fuel vehicle manufacturer tax credit. Repeals the following tax incentives concerning airport development zones: (1) qualified employee deductions; (2) credits for qualified increased employment expenditures; (3) loan interest credits; (4) neighborhood assistance credits; and (5) investment cost credits.

Effective: July 1, 2013; January 1, 2014.

Turner

January 22, 2013, read first time and referred to Committee on Ways and Means.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1545



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 5-22-5-8.5, AS ADDED BY P.L.151-2009,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2014]: Sec. 8.5. (a) As used in this section, "clean
4 energy vehicle" means any of the following:
5 (1) A vehicle that operates on one (1) or more of the following
6 energy sources:
7 (A) A rechargeable energy storage system.
8 (B) Hydrogen.
9 (C) Compressed air.
10 (D) Compressed or liquid natural gas.
11 (E) Solar energy.
12 (F) Liquefied petroleum gas.
13 (G) Any **other of the following** alternative fuel ~~(as defined in~~
14 ~~IC 6-3.1-31.9-1)~~ **fuels**:
15 **(i) Methanol, denatured ethanol, and other alcohols.**
16 **(ii) Mixtures containing eighty-five percent (85%) or**
17 **more by volume of methanol, denatured ethanol, and**



1 **other alcohols with gasoline or other fuel.**

2 **(iii) Coal-derived liquid fuels.**

3 **(iv) Non-alcohol fuels derived from biological material.**

4 **(v) P-Series fuels.**

5 **(vi) Electricity.**

6 **(vii) Biodiesel or ultra low sulfur diesel fuel.**

7 (2) A vehicle that operates on gasoline and one (1) or more of the
8 energy sources listed in subdivision (1).

9 (3) A vehicle that operates on diesel fuel and one (1) or more of
10 the energy sources listed in subdivision (1).

11 (b) As used in this section, "state entity" means the following:

12 (1) A state agency.

13 (2) Any other authority, board, branch, commission, committee,
14 department, division, or other instrumentality of the executive
15 (including the administrative), legislative, or judicial department
16 of state government.

17 The term includes a state elected official's office and excludes a state
18 educational institution.

19 (c) As used in this section, "vehicle" includes the following:

20 (1) An automobile.

21 (2) A truck.

22 (3) A tractor.

23 (d) Except as provided in subsection (e), if a state entity purchases
24 or leases a vehicle, ~~after December 31, 2009~~; it must purchase or lease
25 a clean energy vehicle unless the Indiana department of administration
26 determines that the purchase or lease of a clean energy vehicle:

27 (1) is inappropriate because of the purposes for which the vehicle
28 will be used; or

29 (2) would cost at least ten percent (10%) more than the purchase
30 or lease of a vehicle that:

31 (A) is not a clean energy vehicle; and

32 (B) is designed and equipped comparably to the clean energy
33 vehicle.

34 (e) The requirements of subsection (d) do not apply to the:

35 (1) purchase or lease of vehicles by or for the state police
36 department; and

37 (2) short term or temporary lease of vehicles.

38 (f) The Indiana department of administration shall ~~before January~~
39 ~~1, 2010~~; adopt rules or guidelines to provide a preference for the
40 purchase or lease by state entities of clean energy vehicles
41 manufactured wholly or partially in Indiana or containing parts
42 manufactured in Indiana.

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1 (g) Before August 1 of 2010 and each year, thereafter, each state
 2 entity shall submit to the Indiana department of administration
 3 information regarding the use of clean energy vehicles by the state
 4 entity. The information must specify the following for the preceding
 5 state fiscal year:

- 6 (1) The amount of alternative fuels purchased by the state entity.
 7 (2) The amount of conventional fuels purchased by the state
 8 entity.
 9 (3) The average price per gallon paid by the state entity for each
 10 type of fuel purchased by the state entity.
 11 (4) The total number of vehicles purchased or leased by the state
 12 agency that were clean energy vehicles and the total number of
 13 vehicles purchased or leased by the state agency that were not
 14 clean energy vehicles.
 15 (5) Any other information required by the Indiana department of
 16 administration.

17 (h) Before September 1 of 2010, and each year, thereafter, the
 18 Indiana department of administration shall submit to the general
 19 assembly in an electronic format under IC 5-14-6 and to the governor
 20 a report that lists the information required under subsection (g) for each
 21 state entity and for all state agencies in the aggregate.

22 SECTION 2. IC 5-28-15-5, AS AMENDED BY P.L.146-2008,
 23 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JANUARY 1, 2014]: Sec. 5. (a) The board has the following powers,
 25 in addition to other powers that are contained in this chapter:

- 26 (1) To review and approve or reject all applicants for enterprise
 27 zone designation, according to the criteria for designation that this
 28 chapter provides.
 29 (2) To waive or modify rules as provided in this chapter.
 30 (3) To provide a procedure by which enterprise zones may be
 31 monitored and evaluated on an annual basis.
 32 (4) To adopt rules for the disqualification of a zone business from
 33 eligibility for any or all incentives available to zone businesses,
 34 if that zone business does not do one (1) of the following:
 35 (A) If all its incentives, as contained in the summary required
 36 under section 7 of this chapter, exceed one thousand dollars
 37 (\$1,000) in any year, pay a registration fee to the board in an
 38 amount equal to one percent (1%) of all its incentives.
 39 (B) Use all its incentives, except for the amount of the
 40 registration fee, for its property or employees in the zone.
 41 (C) Remain open and operating as a zone business for twelve
 42 (12) months of the assessment year for which the incentive is



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1 claimed.

2 (5) To disqualify a zone business from eligibility for any or all

3 incentives available to zone businesses in accordance with the

4 procedures set forth in the board's rules.

5 (6) After a recommendation from a U.E.A., to modify an

6 enterprise zone boundary if the board determines that the

7 modification:

8 (A) is in the best interests of the zone; and

9 (B) meets the threshold criteria and factors set forth in section

10 9 of this chapter.

11 (7) To employ staff and contract for services.

12 (8) To receive funds from any source and expend the funds for the

13 administration and promotion of the enterprise zone program.

14 (9) To make determinations under IC 6-3.1-11 concerning the

15 designation of locations as industrial recovery sites.

16 (10) To make determinations under IC 6-3.1-11 concerning the

17 disqualification of persons from claiming credits provided by that

18 chapter in appropriate cases.

19 ~~(11) To make determinations under IC 6-3.1-11.5 concerning the~~

20 ~~designation of locations as military base recovery sites and the~~

21 ~~availability of the credit provided by IC 6-3.1-11.5 to persons~~

22 ~~making qualified investments in military base recovery sites.~~

23 ~~(12) To make determinations under IC 6-3.1-11.5 concerning the~~

24 ~~disqualification of persons from claiming the credit provided by~~

25 ~~IC 6-3.1-11.5 in appropriate cases.~~

26 (b) In addition to a registration fee paid under subsection (a)(4)(A),

27 each zone business that receives an incentive described in section 3 of

28 this chapter shall assist the zone U.E.A. in an amount determined by

29 the legislative body of the municipality in which the zone is located. If

30 a zone business does not assist a U.E.A., the legislative body of the

31 municipality in which the zone is located may pass an ordinance

32 disqualifying a zone business from eligibility for all credits or

33 incentives available to zone businesses. If a legislative body

34 disqualifies a zone business under this subsection, the legislative body

35 shall notify the board, the department of local government finance, and

36 the department of state revenue in writing not more than thirty (30)

37 days after the passage of the ordinance disqualifying the zone business.

38 Disqualification of a zone business under this section is effective

39 beginning with the taxable year in which the ordinance disqualifying

40 the zone business is adopted.

41 SECTION 3. IC 5-28-28-4, AS AMENDED BY P.L.133-2012,

42 SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

COPY



1 JANUARY 1, 2014]: Sec. 4. As used in this chapter, "tax credit" means
 2 a state tax liability credit under any of the following:

- 3 (1) IC 6-3.1-7.
 4 (2) IC 6-3.1-13.
 5 ~~(3) IC 6-3.1-13.5 (until January 1, 2020):~~
 6 ~~(4) (3) IC 6-3.1-26.~~
 7 ~~(5) (4) IC 6-3.1-27.~~
 8 ~~(6) (5) IC 6-3.1-28.~~
 9 ~~(7) (6) IC 6-3.1-30.~~

10 SECTION 4. IC 6-1.1-43-1, AS AMENDED BY P.L.229-2005,
 11 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2014]: Sec. 1. This chapter applies to the following
 13 economic development incentive programs:

- 14 (1) Grants and loans provided by the Indiana economic
 15 development corporation under IC 5-28 or the office of tourism
 16 development under IC 5-29.
 17 (2) Incentives provided in an economic revitalization area under
 18 IC 6-1.1-12.1.
 19 (3) Incentives provided under IC 6-3.1-13.
 20 ~~(4) Incentives provided in an airport development zone under~~
 21 ~~IC 8-22-3.5-14.~~

22 SECTION 5. IC 6-1.1-44-7 IS REPEALED [EFFECTIVE
 23 JANUARY 1, 2014]. ~~Sec. 7. A taxpayer that obtains a credit under~~
 24 ~~IC 6-3.1-25.2 may not obtain a deduction under this chapter in a~~
 25 ~~taxable year.~~

26 SECTION 6. IC 6-2.5-4-5, AS AMENDED BY P.L.137-2012,
 27 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JANUARY 1, 2014]: Sec. 5. (a) As used in this section, a "power
 29 subsidiary" means a corporation which is owned or controlled by one
 30 (1) or more public utilities that furnish or sell electrical energy, natural
 31 or artificial gas, water, steam, or steam heat and which produces power
 32 exclusively for the use of those public utilities.

33 (b) A power subsidiary or a person engaged as a public utility is a
 34 retail merchant making a retail transaction when the subsidiary or
 35 person furnishes or sells electrical energy, natural or artificial gas,
 36 water, steam, or steam heating service to a person for commercial or
 37 domestic consumption.

38 (c) Notwithstanding subsection (b), a power subsidiary or a person
 39 engaged as a public utility is not a retail merchant making a retail
 40 transaction in any of the following transactions:

- 41 (1) The power subsidiary or person provides, installs, constructs,
 42 services, or removes tangible personal property which is used in

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1 connection with the furnishing of the services or commodities
2 listed in subsection (b).

3 (2) The power subsidiary or person sells the services or
4 commodities listed in subsection (b) to another public utility or
5 power subsidiary described in this section or a person described
6 in section 6 of this chapter.

7 (3) The power subsidiary or person sells the services or
8 commodities listed in subsection (b) to a person for use in
9 manufacturing, mining, production, processing (after December
10 31, 2012), repairing (after December 31, 2012), refining,
11 recycling (as defined in IC 6-2.5-5-45.8), oil extraction, mineral
12 extraction, irrigation, agriculture, floriculture (after December 31,
13 2012), arboriculture (after December 31, 2012), or horticulture.
14 However, this exclusion for sales of the services and commodities
15 only applies if the services are consumed as an essential and
16 integral part of an integrated process that produces tangible
17 personal property and those sales are separately metered for the
18 excepted uses listed in this subdivision, or if those sales are not
19 separately metered but are predominately used by the purchaser
20 for the excepted uses listed in this subdivision.

21 (4) The power subsidiary or person sells the services or
22 commodities listed in subsection (b) and all the following
23 conditions are satisfied:

24 (A) The services or commodities are sold to a business that:
25 ~~after June 30, 2004:~~

26 (i) relocates all or part of its operations to a facility; or

27 (ii) expands all or part of its operations in a facility;

28 located in a military base (as defined in IC 36-7-30-1(c)), a
29 military base reuse area established under IC 36-7-30, the part
30 of an economic development area established under
31 IC 36-7-14.5-12.5 that is or formerly was a military base (as
32 defined in IC 36-7-30-1(c)), a ~~military base recovery site~~
33 ~~designated under IC 6-3-1-11.5~~; or a qualified military base
34 enhancement area established under IC 36-7-34.

35 (B) The business uses the services or commodities in the
36 facility described in clause (A) not later than five (5) years
37 after the operations that are relocated to the facility or
38 expanded in the facility commence.

39 (C) The sales of the services or commodities are separately
40 metered for use by the relocated or expanded operations.

41 (D) In the case of a business that uses the services or
42 commodities in a qualified military base enhancement area

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1 established under IC 36-7-34-4(1), the business must satisfy at
 2 least one (1) of the following criteria:

3 (i) The business is a participant in the technology transfer
 4 program conducted by the qualified military base (as defined
 5 in IC 36-7-34-3).

6 (ii) The business is a United States Department of Defense
 7 contractor.

8 (iii) The business and the qualified military base have a
 9 mutually beneficial relationship evidenced by a
 10 memorandum of understanding between the business and
 11 the United States Department of Defense.

12 (E) In the case of a business that uses the services or
 13 commodities in a qualified military base enhancement area
 14 established under IC 36-7-34-4(2), the business must satisfy at
 15 least one (1) of the following criteria:

16 (i) The business is a participant in the technology transfer
 17 program conducted by the qualified military base (as defined
 18 in IC 36-7-34-3).

19 (ii) The business and the qualified military base have a
 20 mutually beneficial relationship evidenced by a
 21 memorandum of understanding between the business and
 22 the qualified military base (as defined in IC 36-7-34-3).

23 However, this subdivision does not apply to a business that
 24 substantially reduces or ceases its operations at another location
 25 in Indiana in order to relocate its operations in an area described
 26 in this subdivision, unless the department determines that the
 27 business had existing operations in the area described in this
 28 subdivision and that the operations relocated to the area are an
 29 expansion of the business's operations in the area.

30 SECTION 7. IC 6-3-2-1.5, AS AMENDED BY P.L.180-2006,
 31 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JANUARY 1, 2014]: Sec. 1.5. (a) As used in this section, "qualified
 33 area" means:

34 (1) a military base (as defined in IC 36-7-30-1(c));

35 (2) a military base reuse area established under IC 36-7-30;

36 (3) the part of an economic development area established under
 37 IC 36-7-14.5-12.5 that is or formerly was a military base (as
 38 defined in IC 36-7-30-1(c)); **or**

39 ~~(4) a military base recovery site designated under IC 6-3-1-11.5;~~
 40 ~~or~~

41 ~~(5)~~ **(4)** a qualified military base enhancement area established
 42 under IC 36-7-34.

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1 (b) Except as provided in subsection (e), a tax at the rate of five
2 percent (5%) of adjusted gross income is imposed on that part of the
3 adjusted gross income of a corporation that is derived from sources
4 within a qualified area if the corporation locates all or part of its
5 operations in a qualified area during the taxable year, as determined
6 under subsection (g). The tax rate under this section applies to the
7 taxable year in which the corporation locates its operations in the
8 qualified area and to the next succeeding four (4) taxable years.

9 (c) In the case of a corporation that locates all or part of its
10 operations in a qualified military base enhancement area established
11 under IC 36-7-34-4(1), the tax rate imposed under this section applies
12 to the corporation only if the corporation meets at least one (1) of the
13 following criteria:

14 (1) The corporation is a participant in the technology transfer
15 program conducted by the qualified military base (as defined in
16 IC 36-7-34-3).

17 (2) The corporation is a United States Department of Defense
18 contractor.

19 (3) The corporation and the qualified military base have a
20 mutually beneficial relationship evidenced by a memorandum of
21 understanding between the corporation and the United States
22 Department of Defense.

23 (d) In the case of a business that uses the services or commodities
24 in a qualified military base enhancement area established under
25 IC 36-7-34-4(2), the business must satisfy at least one (1) of the
26 following criteria:

27 (1) The business is a participant in the technology transfer
28 program conducted by the qualified military base (as defined in
29 IC 36-7-34-3).

30 (2) The business and the qualified military base have a mutually
31 beneficial relationship evidenced by a memorandum of
32 understanding between the business and the qualified military
33 base (as defined in IC 36-7-34-3).

34 (e) A taxpayer is not entitled to the tax rate described in subsection
35 (b) to the extent that the taxpayer substantially reduces or ceases its
36 operations at another location in Indiana in order to relocate its
37 operations within the qualified area, unless:

38 (1) the taxpayer had existing operations in the qualified area; and

39 (2) the operations relocated to the qualified area are an expansion
40 of the taxpayer's operations in the qualified area.

41 (f) A determination under subsection (e) that a taxpayer is not
42 entitled to the tax rate provided by this section as a result of a

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1 substantial reduction or cessation of operations applies to the taxable
 2 year in which the substantial reduction or cessation occurs and in all
 3 subsequent years. Determinations under this section shall be made by
 4 the department of state revenue.

5 (g) The department of state revenue:

6 (1) shall adopt rules under IC 4-22-2 to establish a procedure for
 7 determining the part of a corporation's adjusted gross income that
 8 was derived from sources within a qualified area; and

9 (2) may adopt other rules that the department considers necessary
 10 for the implementation of this chapter.

11 SECTION 8. IC 6-3.1-1-3, AS AMENDED BY P.L.133-2012,
 12 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JANUARY 1, 2014]: Sec. 3. A taxpayer (as defined in the following
 14 laws), pass through entity (as defined in the following laws), or
 15 shareholder, partner, or member of a pass through entity may not be
 16 granted more than one (1) tax credit under the following laws for the
 17 same project:

18 (1) IC 6-3.1-10 (enterprise zone investment cost credit).

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

20 (3) ~~IC 6-3.1-11.5 (military base recovery tax credit):~~

21 (4) ~~IC 6-3.1-11.6 (military base investment cost credit):~~

22 (5) ~~IC 6-3.1-13.5 (capital investment tax credit) (before its
 23 expiration on January 1, 2020):~~

24 (6) (3) IC 6-3.1-19 (community revitalization enhancement
 25 district tax credit).

26 (7) (4) IC 6-3.1-24 (venture capital investment tax credit).

27 (8) (5) IC 6-3.1-26 (Hoosier business investment tax credit).

28 (9) ~~IC 6-3.1-31.9 (Hoosier alternative fuel vehicle manufacturer
 29 tax credit):~~

30 If a taxpayer, pass through entity, or shareholder, partner, or member
 31 of a pass through entity has been granted more than one (1) tax credit
 32 for the same project, the taxpayer, pass through entity, or shareholder,
 33 partner, or member of a pass through entity must elect to apply only
 34 one (1) of the tax credits in the manner and form prescribed by the
 35 department.

36 SECTION 9. IC 6-3.1-11-1, AS AMENDED BY P.L.113-2011,
 37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2013]: Sec. 1. As used in this chapter, "applicable percentage"
 39 means the percentage determined as follows:

40 (1) If a plant that is located on an industrial recovery site was
 41 placed in service at least fifteen (15) years ago but less than thirty

42 (30) years ago, the applicable percentage is fifteen percent (15%).

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- 1 (2) If a plant that is located on an industrial recovery site was
- 2 placed in service at least thirty (30) years ago but less than forty
- 3 (40) years ago, the applicable percentage is twenty percent (20%).
- 4 (3) If a plant that is located on an industrial recovery site was
- 5 placed in service at least forty (40) years ago, the applicable
- 6 percentage is twenty-five percent (25%).

7 The time that has expired since a plant was placed in service shall be
 8 determined as of the date that an application is filed with the ~~board~~
 9 **corporation** for designation of the location as an industrial recovery
 10 site under this chapter.

11 SECTION 10. IC 6-3.1-11-2 IS REPEALED [EFFECTIVE JULY
 12 1, 2013]. ~~Sec. 2: As used in this chapter, "board" means the board of~~
 13 ~~the Indiana economic development corporation created under~~
 14 ~~IC 5-28-4.~~

15 SECTION 11. IC 6-3.1-11-2.5 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 **"corporation" refers to the Indiana economic development**
 19 **corporation created under IC 5-28-3 unless the context clearly**
 20 **denotes otherwise.**

21 SECTION 12. IC 6-3.1-11-10 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. As used in this
 23 chapter, "qualified investment" means the amount of the taxpayer's
 24 expenditures for rehabilitation of property located within an industrial
 25 recovery site. ~~under a plan contained in an application approved by the~~
 26 ~~board under section 18 of this chapter. An expenditure for purposes or~~
 27 ~~by persons not covered by such a plan may not be a qualified~~
 28 ~~investment.~~

29 SECTION 13. IC 6-3.1-11-15, AS AMENDED BY P.L.113-2011,
 30 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2013]: Sec. 15. As used in this chapter, "vacant industrial
 32 facility" means a tract of land on which there is located a plant that:

- 33 (1) has:
 - 34 (A) for taxable years beginning after December 31, 2010, and
 - 35 beginning before January 1, 2015, at least fifty thousand
 - 36 (50,000) square feet of floor space; or
 - 37 (B) for taxable years beginning after December 31, 2014, at
 - 38 least one hundred thousand (100,000) square feet of floor
 - 39 space; **and**
- 40 (2) was placed in service at least fifteen (15) years ago. ~~and~~
- 41 ~~(3) has been vacant for at least one (1) year; unless the tract and~~
 42 ~~the plant are owned by a municipality or a county; in which case~~

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1 the one (1) year requirement does not apply.
 2 SECTION 14. IC 6-3.1-11-18 IS REPEALED [EFFECTIVE JULY
 3 1, 2013]. Sec. 18: (a) After approval by ordinance or resolution of the
 4 legislative body, the executive of any municipality may submit an
 5 application to the board requesting that a vacant industrial facility
 6 within the municipality be designated as an industrial recovery site.
 7 After approval by resolution of the legislative body, the executive of
 8 any county may submit an application to the board requesting that a
 9 vacant industrial facility within the county, but not within any
 10 municipality, be designated as an industrial recovery site. In addition
 11 to any other information required by the board, the application shall
 12 include a description of the plan proposed by the municipality or
 13 county for development and use of the vacant industrial facility.

14 (b) If the property described in the application submitted to the
 15 board meets the definition of a vacant industrial facility as of the date
 16 of filing of the application, the board shall:

- 17 (1) evaluate the application;
- 18 (2) arrive at a decision based on the factors set forth in section 19
 19 of this chapter; and
- 20 (3) either designate the property as an industrial recovery site or
 21 reject the application.

22 (c) If the board determines that:

- 23 (1) a substantial reduction or cessation of operations at a facility
 24 in Indiana after January 1, 1987, has created a vacant industrial
 25 facility; and
- 26 (2) the operations formerly located at that facility have been
 27 relocated to a specific site or sites outside the United States;

28 the facility may be designated as an industrial recovery site only if it
 29 has been donated or sold to the municipality. Such a facility may be
 30 designated as an industrial recovery site whether it is owned by the
 31 municipality or by a taxpayer who acquired it from the municipality
 32 after the donation or sale.

33 SECTION 15. IC 6-3.1-11-19, AS AMENDED BY P.L.146-2008,
 34 SECTION 324, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2013]: Sec. 19. The ~~board~~ **corporation** shall
 36 consider the following factors in evaluating applications filed under
 37 this chapter:

- 38 (1) The level of distress in the surrounding community caused by
 39 the loss of jobs at the vacant industrial facility.
- 40 (2) The desirability of the intended use of the vacant industrial
 41 facility under the plan proposed by the municipality or county and
 42 the likelihood that the implementation of the plan will improve

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- 1 the economic and employment conditions in the surrounding
- 2 community.
- 3 (3) (2) Evidence of support for the designation by residents,
- 4 businesses, and private organizations in the surrounding
- 5 community.
- 6 (4) (3) Evidence of a commitment by private or governmental
- 7 entities to provide financial assistance in implementing the plan
- 8 proposed by the municipality or county, including the application
- 9 of IC 36-7-12, IC 36-7-13, IC 36-7-14, or IC 36-7-15.1 to assist
- 10 in the financing of improvements or redevelopment activities
- 11 benefiting the vacant industrial facility.
- 12 (5) Evidence of efforts by the municipality or county to
- 13 implement the proposed plan without additional financial
- 14 assistance from the state.
- 15 (6) (4) Whether the industrial recovery site is within an economic
- 16 revitalization area designated under IC 6-1.1-12.1.

17 SECTION 16. IC 6-3.1-11-21 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 21. A taxpayer is not
 19 entitled to claim the credit provided by this chapter to the extent that it
 20 if the corporation determines that the taxpayer has substantially
 21 reduces reduced or ceases ceased its operations in Indiana in order to
 22 relocate them within the industrial recovery site. A determination that
 23 a taxpayer is not entitled to the credit provided by this chapter as a
 24 result of a substantial reduction or cessation of operations shall apply
 25 applies to credits that would otherwise arise in the taxable year in
 26 which the substantial reduction or cessation occurs and in all
 27 subsequent years. Determinations under this section shall be made by
 28 the board.

29 SECTION 17. IC 6-3.1-11-23 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 23. To receive the
 31 credit provided by this chapter, a taxpayer must claim the credit on the
 32 taxpayer's annual state tax return or returns in the manner prescribed
 33 by the department of state revenue. The taxpayer shall submit to the
 34 department of state revenue the certification of the board corporation
 35 stating the percentage of credit allowable under this chapter and all
 36 other information that the department determines is necessary for the
 37 calculation of the credit provided by this chapter and for the
 38 determination of whether an expenditure was for a qualified
 39 investment.

40 SECTION 18. IC 6-3.1-11.5 IS REPEALED [EFFECTIVE
 41 JANUARY 1, 2014]. (Military Base Recovery Tax Credit).

42 SECTION 19. IC 6-3.1-11.6 IS REPEALED [EFFECTIVE

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1 JANUARY 1, 2014]. (Military Base Investment Cost Credit).
 2 SECTION 20. IC 6-3.1-13.5 IS REPEALED [EFFECTIVE
 3 JANUARY 1, 2014]. (Capital Investment Tax Credit).
 4 SECTION 21. IC 6-3.1-24-9, AS AMENDED BY P.L.137-2012,
 5 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2013]: Sec. 9. (a) The total amount of tax credits that may be
 7 allowed under this chapter in a particular calendar year for qualified
 8 investment capital provided during that calendar year may not exceed
 9 twelve million five hundred thousand dollars (\$12,500,000). ~~The~~
 10 ~~Indiana economic development corporation may not certify a proposed~~
 11 ~~investment plan under section 12.5 of this chapter if the proposed~~
 12 ~~investment would result in the total amount of the tax credits certified~~
 13 ~~for the calendar year exceeding twelve million five hundred thousand~~
 14 ~~dollars (\$12,500,000). An amount of an unused credit carried over by~~
 15 ~~a taxpayer from a previous calendar year may not be considered in~~
 16 ~~determining the amount of proposed investments that the Indiana~~
 17 ~~economic development corporation may certify under this chapter.~~
 18 (b) Notwithstanding the other provisions of this chapter, a taxpayer
 19 is not entitled to a credit for providing qualified investment capital to
 20 a qualified Indiana business after December 31, 2016. However, this
 21 subsection may not be construed to prevent a taxpayer from carrying
 22 over to a taxable year beginning after December 31, 2016, an unused
 23 tax credit attributable to an investment occurring before January 1,
 24 2017.
 25 SECTION 22. IC 6-3.1-25.2 IS REPEALED [EFFECTIVE
 26 JANUARY 1, 2014]. (Coal Combustion Product Tax Credit).
 27 SECTION 23. IC 6-3.1-26-1 IS REPEALED [EFFECTIVE JULY
 28 1, 2013]. ~~Sec. 1: As used in this chapter, "base state tax liability" means~~
 29 ~~a taxpayer's state tax liability in the taxable year immediately preceding~~
 30 ~~the taxable year in which a taxpayer makes a qualified investment.~~
 31 SECTION 24. IC 6-3.1-26-4 IS REPEALED [EFFECTIVE JULY
 32 1, 2013]. ~~Sec. 4: As used in this chapter, "full-time employee" has the~~
 33 ~~meaning set forth in IC 6-3.1-13-4.~~
 34 SECTION 25. IC 6-3.1-26-8, AS AMENDED BY P.L.137-2006,
 35 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JULY 1, 2013]: Sec. 8. (a) As used in this chapter, "qualified
 37 investment" means the amount of the taxpayer's expenditures in Indiana
 38 for:
 39 (1) the purchase of new telecommunications, production,
 40 manufacturing, fabrication, assembly, extraction, mining,
 41 processing, refining, finishing, distribution, transportation, or
 42 logistical distribution equipment;

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- 1 (2) the purchase of new computers and related equipment;
- 2 (3) costs associated with the modernization of existing
- 3 telecommunications, production, manufacturing, fabrication,
- 4 assembly, extraction, mining, processing, refining, finishing,
- 5 distribution, transportation, or logistical distribution facilities;
- 6 (4) onsite infrastructure improvements;
- 7 (5) the construction of new telecommunications, production,
- 8 manufacturing, fabrication, assembly, extraction, mining,
- 9 processing, refining, finishing, distribution, transportation, or
- 10 logistical distribution facilities;
- 11 (6) costs associated with retooling existing machinery and
- 12 equipment;
- 13 (7) costs associated with the construction of special purpose
- 14 buildings and foundations for use in the computer, software,
- 15 biological sciences, or telecommunications industry; ~~and~~
- 16 (8) costs associated with the purchase of machinery, equipment,
- 17 or special purpose buildings used to make motion pictures or
- 18 audio productions; ~~and~~
- 19 **(9) costs associated with:**
- 20 **(A) the construction of buildings, roads, rail lines, or other**
- 21 **real property improvements required by the taxpayer's**
- 22 **logistics operations; or**
- 23 **(B) the purchase and installation of special purpose**
- 24 **logistics equipment;**
- 25 **to improve the taxpayer's logistical capabilities by air, rail, or**
- 26 **motor transport;**
- 27 that are certified by the corporation under this chapter as being eligible
- 28 for the credit under this chapter.
- 29 (b) The term does not include property that can be readily moved
- 30 outside Indiana.
- 31 SECTION 26. IC 6-3.1-26-12, AS AMENDED BY P.L.4-2005,
- 32 SECTION 104, IS AMENDED TO READ AS FOLLOWS
- 33 [EFFECTIVE JULY 1, 2013]: Sec. 12. The corporation may make
- 34 credit awards under this chapter to foster ~~job creation~~ and higher wages
- 35 in Indiana.
- 36 SECTION 27. IC 6-3.1-26-17, AS AMENDED BY P.L.4-2005,
- 37 SECTION 106, IS AMENDED TO READ AS FOLLOWS
- 38 [EFFECTIVE JULY 1, 2013]: Sec. 17. A person that proposes a project
- 39 to ~~create new jobs~~ or increase wage levels in Indiana may apply to the
- 40 corporation before the taxpayer makes the qualified investment to enter
- 41 into an agreement for a tax credit under this chapter. The director shall
- 42 prescribe the form of the application.

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1 SECTION 28. IC 6-3.1-26-21, AS AMENDED BY P.L.4-2005,
 2 SECTION 110, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2013]: Sec. 21. The corporation shall enter into
 4 an agreement with an applicant that is awarded a credit under this
 5 chapter. The agreement must include all the following:

6 (1) A detailed description of the project that is the subject of the
 7 agreement.

8 (2) The first taxable year for which the credit may be claimed.

9 ~~(3) The amount of the taxpayer's state tax liability for each tax in~~
 10 ~~the taxable year of the taxpayer that immediately preceded the~~
 11 ~~first taxable year in which the credit may be claimed.~~

12 ~~(4)~~ (3) The maximum tax credit amount that will be allowed for
 13 each taxable year.

14 ~~(5)~~ (4) A requirement that the taxpayer shall maintain operations
 15 at the project location for at least ten (10) years during the term
 16 that the tax credit is available.

17 ~~(6) A specific method for determining the number of new~~
 18 ~~employees employed during a taxable year who are performing~~
 19 ~~jobs not previously performed by an employee.~~

20 ~~(7)~~ (5) A requirement that the taxpayer shall annually report to the
 21 corporation the number of new employees who are performing
 22 jobs not previously performed by an employee; the average wage
 23 of the new employees; the average wage of all employees at the
 24 location where the qualified investment is made, and any other
 25 information the director needs to perform the director's duties
 26 under this chapter.

27 ~~(8)~~ (6) A requirement that the director is authorized to verify with
 28 the appropriate state agencies the amounts reported under
 29 subdivision ~~(7)~~, (5), and that after doing so shall issue a certificate
 30 to the taxpayer stating that the amounts have been verified.

31 ~~(9)~~ (7) A requirement that the taxpayer shall pay an average wage
 32 to all its employees other than highly compensated employees in
 33 each taxable year that a tax credit is available that equals at least
 34 one hundred fifty percent (150%) of the hourly minimum wage
 35 under IC 22-2-2-4 or its equivalent.

36 ~~(10)~~ (8) A requirement that the taxpayer will keep the qualified
 37 investment property that is the basis for the tax credit in Indiana
 38 for at least the lesser of its useful life for federal income tax
 39 purposes or ten (10) years.

40 ~~(11)~~ (9) A requirement that the taxpayer will maintain at the
 41 location where the qualified investment is made during the term
 42 of the tax credit a total payroll that is at least equal to the payroll

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1 level that existed before the qualified investment was made.
2 ~~(12)~~ **(10)** A requirement that the taxpayer shall provide written
3 notification to the director and the corporation not more than
4 thirty (30) days after the taxpayer makes or receives a proposal
5 that would transfer the taxpayer's state tax liability obligations to
6 a successor taxpayer.

7 ~~(13)~~ **(11)** Any other performance conditions that the corporation
8 determines are appropriate.

9 SECTION 29. IC 6-3.1-26-25, AS AMENDED BY P.L.4-2005,
10 SECTION 113, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2013]: Sec. 25. On a biennial basis, the
12 corporation shall provide for an evaluation of the tax credit program.
13 The evaluation must include an assessment of the effectiveness of the
14 program in ~~creating new jobs and~~ increasing wages in Indiana and of
15 the revenue impact of the program and may include a review of the
16 practices and experiences of other states with similar programs. The
17 director shall submit a report on the evaluation to the governor, the
18 president pro tempore of the senate, and the speaker of the house of
19 representatives after June 30 and before November 1 in each
20 odd-numbered year. The report provided to the president pro tempore
21 of the senate and the speaker of the house of representatives must be in
22 an electronic format under IC 5-14-6.

23 SECTION 30. IC 6-3.1-30-1, AS ADDED BY P.L.193-2005,
24 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2013]: Sec. 1. As used in this chapter, "corporate
26 headquarters" means the building or buildings where **one (1) or more**
27 **of the following are located:**

- 28 (1) The principal offices of the principal executive officers of an
29 eligible business. ~~are located.~~
- 30 (2) **The principal offices of a division or similar subdivision of**
31 **an eligible business.**
- 32 (3) **A research and development center of an eligible business.**

33 SECTION 31. IC 6-3.1-30-1.5 IS ADDED TO THE INDIANA
34 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
35 [EFFECTIVE JULY 1, 2013]: **Sec. 1.5. As used in this chapter,**
36 **"corporation" refers to the Indiana economic development**
37 **corporation created under IC 5-28-3 unless the context clearly**
38 **denotes otherwise.**

39 SECTION 32. IC 6-3.1-30-2, AS AMENDED BY P.L.137-2006,
40 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2013]: Sec. 2. As used in this chapter, "eligible business"
42 means a business that:

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- 1 (1) is engaged in either interstate or intrastate commerce;
 2 (2) maintains a corporate headquarters at a location outside
 3 Indiana;
 4 (3) has not previously maintained a corporate headquarters at a
 5 location in Indiana;
 6 (4) had annual worldwide revenues of at least ~~one hundred fifty~~
 7 million dollars ~~(\$100,000,000)~~ **(\$50,000,000)** for the taxable year
 8 immediately preceding the business's application for a tax credit
 9 under section 12 of this chapter; and
 10 (5) commits contractually to relocating its corporate headquarters
 11 to Indiana.

12 SECTION 33. IC 6-3.1-30-7.5 IS ADDED TO THE INDIANA
 13 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2013]: **Sec. 7.5. The corporation shall do the**
 15 **following:**

- 16 **(1) Evaluate a taxpayer's relocation project for the taxpayer's**
 17 **eligibility for a tax credit under this chapter.**
 18 **(2) Certify the eligibility of taxpayers that meet the**
 19 **requirements for a tax credit under this chapter.**
 20 **(3) Determine the percentage used to calculate the amount of**
 21 **a tax credit under section 9 of this chapter.**
 22 **(4) Certify the information required under section 12 of this**
 23 **chapter.**

24 SECTION 34. IC 6-3.1-30-8, AS AMENDED BY P.L.1-2007,
 25 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2013]: **Sec. 8. (a) If the corporation certifies that** a taxpayer:
 27 ~~that:~~

- 28 (1) is an eligible business;
 29 (2) completes a qualifying project;
 30 (3) incurs relocation costs; and
 31 (4) employs at least seventy-five (75) employees in Indiana;
 32 **the taxpayer** is entitled to a credit against the taxpayer's state tax
 33 liability for the taxable year in which the relocation costs are incurred.
 34 The credit allowed under this section is equal to the amount determined
 35 under section 9 of this chapter.
 36 (b) For purposes of establishing the employment level required by
 37 subsection (a)(4), a taxpayer may include:
 38 (1) individuals who:
 39 (A) were employed in Indiana by the taxpayer before the
 40 taxpayer commenced a qualifying project; and
 41 (B) remain employed in Indiana after the completion of the
 42 taxpayer's qualifying project; and

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- 1 (2) individuals who:
- 2 (A) were not employed in Indiana by the taxpayer before the
- 3 taxpayer commenced a qualifying project; and
- 4 (B) are employed in Indiana by the taxpayer as a result of the
- 5 completion of the taxpayer's qualifying project.

6 SECTION 35. IC 6-3.1-30-9, AS ADDED BY P.L.193-2005,
 7 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2013]: Sec. 9. (a) Subject to subsection (b), the amount of the
 9 credit to which a taxpayer is entitled under section 8 of this chapter
 10 equals the product of:

- 11 (1) **a percentage determined by the corporation that may not**
- 12 **exceed** fifty percent (50%); multiplied by
- 13 (2) the amount of the taxpayer's relocation costs in the taxable
- 14 year.

15 (b) The credit to which a taxpayer is entitled under section 8 of this
 16 chapter may not reduce the taxpayer's state tax liability below the
 17 amount of the taxpayer's state tax liability in the taxable year
 18 immediately preceding the taxable year in which the taxpayer first
 19 incurred relocation costs.

20 SECTION 36. IC 6-3.1-30-12, AS AMENDED BY P.L.137-2006,
 21 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2013]: Sec. 12. To receive the credit provided by this chapter,
 23 a taxpayer must claim the credit on the taxpayer's state tax return or
 24 returns in the manner prescribed by the department. The taxpayer shall
 25 submit to the department **the corporation's certification of the**
 26 **following information:**

- 27 (1) Proof of the taxpayer's relocation costs.
- 28 (2) Proof that the taxpayer is employing in Indiana the number of
- 29 employees required by section 8 of this chapter. **and**
- 30 (3) All other information that the department determines is
- 31 necessary for the calculation of the credit provided by this
- 32 chapter.

33 SECTION 37. IC 6-3.1-31.9 IS REPEALED [EFFECTIVE
 34 JANUARY 1, 2014]. (Hoosier Alternative Fuel Vehicle Manufacturer
 35 Tax Credit).

36 SECTION 38. IC 8-22-3.5-14 IS REPEALED [EFFECTIVE
 37 JANUARY 1, 2014]. ~~Sec. 14.~~ (a) ~~This section applies only to an airport~~
 38 ~~development zone that is in a:~~

- 39 (1) ~~city described in section 1(2) or 1(7) of this chapter; or~~
- 40 (2) ~~county described in section 1(3), 1(4), or 1(6) of this chapter.~~
- 41 (b) ~~Notwithstanding any other law, a business or an employee of a~~
 42 ~~business that is located in an airport development zone is entitled to the~~

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1 benefits provided by the following statutes, as if the business were
2 located in an enterprise zone:

- 3 (1) IC 6-3-2-8.
- 4 (2) IC 6-3-3-10.
- 5 (3) IC 6-3.1-7.
- 6 (4) IC 6-3.1-9.
- 7 (5) IC 6-3.1-10-6.

8 (c) Before June 1 of each year, a business described in subsection
9 (b) must pay a fee equal to the amount of the fee that is required for
10 enterprise zone businesses under IC 5-28-15-5(a)(4)(A). However,
11 notwithstanding IC 5-28-15-5(a)(4)(A), the fee shall be paid into the
12 debt service fund established under section 9(e)(2) of this chapter. If
13 the commission determines that a business has failed to pay the fee
14 required by this subsection, the business is not eligible for any of the
15 benefits described in subsection (b).

16 (d) A business that receives any of the benefits described in
17 subsection (b) must use all of those benefits, except for the amount of
18 the fee required by subsection (c), for its property or employees in the
19 airport development zone and to assist the commission. If the
20 commission determines that a business has failed to use its benefits in
21 the manner required by this subsection, the business is not eligible for
22 any of the benefits described in subsection (b).

23 (e) If the commission determines that a business has failed to pay
24 the fee required by subsection (c) or has failed to use benefits in the
25 manner required by subsection (d), the commission shall provide
26 written notice of the determination to the department of state revenue,
27 the department of local government finance, and the county auditor.

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