

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6709

BILL NUMBER: HB 1221

NOTE PREPARED: Dec 23, 2022

BILL AMENDED:

SUBJECT: Old Home Repair Tax Credit.

FIRST AUTHOR: Rep. Pierce K

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill allows a credit against a qualified taxpayer's state tax liability in an amount equal to:

- (1) 20% of the qualified expenditures that a taxpayer makes for the preservation or rehabilitation of the taxpayer's residence; or
- (2) 55% of the qualified expenditures that a taxpayer makes for the replacement of electrical wiring and fixtures that were added to the property prior to 1940.

The bill provides that the property must be:

- (1) located in Indiana;
- (2) at least 85 years old; and
- (3) owned by the taxpayer.

This bill provides that the preservation or rehabilitation work must be completed in not more than two years. It provides that the property must be principally used and occupied by the taxpayer as the taxpayer's residence. It also provides that qualified expenditures for preservation or rehabilitation of the property must exceed \$5,500. The bill provides that the credit may be carried forward 15 years, but may not be carried back.

The bill provides that the amount of credits allowed may not exceed \$100,000 in a state fiscal year. It provides that a taxpayer that claims the credit may not also claim the residential historic rehabilitation credit for the taxable year.

Effective Date: January 1, 2024.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise tax forms, instructions, and software to reflect the changes made by the bill. The DOR's current level of resources should be sufficient to implement these changes.

Explanation of State Revenues: The bill would decrease state General Fund revenue by up to \$100,000 per year beginning in FY 2025. The bill creates a nonrefundable Adjusted Gross Income (AGI) Tax credit for taxpayers who are restoring or rehabilitating a property that is at least 85 years old. The credit could be claimed beginning in tax year 2024.

The credit amount would be 20% of qualified expenditures or 55% of qualified expenditures made to replace electrical wiring and fixtures. Qualified expenditures must exceed \$5,500. The credit may be carried forward up to 15 years and may not be carried back. A taxpayer may not claim this tax credit and the residential historic rehabilitation tax credit in the same taxable year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

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