

RTC

REDEVELOPMENT TAX CREDIT

DESCRIPTION

The Redevelopment Tax Credit (RTC) provides an incentive for investment in the redevelopment of vacant a underutilized land and buildings. This credit, established by Indiana Code § 6-3.1-34, provides companies and developers an assignable income tax credit for investing in the redevelopment of communities, improving quality of place and building capacity at the local level. RTC is one of six programs that is subject to the IEDC's annual \$300 million credit cap. Any credit award over \$20 million must include a requirement that a portion of the credit be repaid by the company or developer.

PROJECT ELIGIBILITY

The credit is available to taxpayers that make qualified investments in the redevelopment or rehabilitation of a qualified redevelopment site. A qualified redevelopment site is considered vacant land or underutilized land and buildings. The IEDC will evaluate a project based on a number of factors including its potential impact on the local community, the likelihood the project will spur additional investment, the level of support for the project from local and regional stakeholders, and the project's alignment with a regional or local development plan. Only projects that the IEDC expects to have a positive return on investment will be eligible for a tax credit award.

APPLICATION

An application must be approved before an investment is made. See the application for additional requirements. The application can be found on the IEDC website.

CALCULATION OF CREDIT

The credit is equal to the amount of qualified investment made by the taxpayer during the taxable year, multiplied by a percentage determined by the IEDC (not to exceed 30%). The maximum percentage for a project is determined by the nature of the qualified redevelopment site. An additional 5% may be awarded if the project qualifies for New Markets Tax Credits or is located in an opportunity zone.

ELIGIBLE QUALIFIED INVESTMENT COSTS

Qualified Investment must be for the redevelopment or rehabilitation of a qualified redevelopment site. Expenditures made before they are approved by the IEDC are not considered qualified investment.

Eligible costs may include:

- » Acquisition costs, when necessary for redevelopment or rehabilitation and only if the property is substantially improved
- » Architectural and engineering fees
- » Environmental remediation costs
- » Construction management and demolition costs
- » Costs directly associated with the redevelopment or rehabilitation of property
- » FF&E, if nonmovable
- » Permitting costs directly related to redevelopment or rehabilitation

Eligible costs do not include:

- » Legal and accounting fees
- » Developer fees
- » Feasibility studies
- » Property insurance
- » FF&E, if movable
- » Loan origination fees, or other related expenses
- » Other professional fees not directly related to the redevelopment or rehabilitation of property
 - Reserves
 - Other soft costs