

**BUSINESS TAX INCENTIVES  
FOR  
ECONOMIC DEVELOPMENT**

**MONTGOMERY COUNTY INDIANA**

**INTRODUCTION**

Incentives are one of the essential tools a community utilizes to retain and attract quality economic development projects. These incentives are used to enhance the quality of life for the citizens of Montgomery County and Crawfordsville.

This information is intended to be a reference guide for businesses, elected officials and entrepreneurs in Crawfordsville, Montgomery County and Incorporated Towns. Applicants are advised to seek out professional consultation before proceeding with an abatement request; this document is not intended to be a substitute for expert legal council.

The goal of this document is to provide an overview of the different development incentives available and make the application process more efficient. Promoting business expansion, entrepreneurship and business attraction are the intended outcomes of incentives and the application process should be user friendly.

In all cases, the designated local taxing authority will make the final determination to approve any incentives or tax abatements.

**INITIAL CONTACT AND RECOMMENDATIONS**

Initial contacts for new and existing incentives should be directed to MCED (765-362-6851) for consultation and impact analysis. MCED will then prepare a written recommendation for the city, town or county taxing authority. This impact study will reveal the approximate costs of the abatement period in comparison to the investment and actual tax increase. The information is also supplied to the state for analysis and benchmarking of local intended incentives.

The Local Economic Development Organization (MCED) will also make an evaluation of the positive or negative impact on existing companies, existing workforce availability, environmental impact, and property value implications.

Preferred new projects will result in an improvement to the existing median wage levels and in conformity with local planning objectives to receive a recommendation for long term abatement.

Should the applicant not meet local investment standards for job creation, income levels, gross regional product, and business outputs, the designated taxing authority may reduce or decline the incentive

## THE INCENTIVES

Tax incentives are generally described as tax abatement and are a phase in of the new personal property and/or real estate taxes as a result of investment in equipment or real property that is located in an ERA. Tax abatements require the application to the local designating body (city council, town council, county council, etc) and annual filings in order to maintain the deduction (for a period of up to ten years) granted.

### PERSONAL PROPERTY INVESTMENT

Personal Property tax deductions are used for investments in machinery and equipment such as presses, forklifts, lathes, conveyors, etc.

Research development equipment such as computers, scanners, testing, etc

The abatement may be as much as ten years with a ten percent annual decrease in the percentage of taxes abated.

- For a taxpayer that is not subject to a 30% floor, the deduction will be calculated based on the depreciation schedules on Schedule A of the personal property tax return.
- For a taxpayer that is subject to the 30% floor , the deduction is calculated based on the depreciation schedules on Schedule A of the personal property tax return (Form 103-Long) and the MVR (minimum value ratio)

### REAL PROPERTY INVESTMENT

An incentive designed for new structures or the rehabilitation of a property that increases the assessed value of a property.

Industries include manufactures, warehouses and commercial service businesses. A retail business may apply (if located in an Economic Development Target Area).

Some eligible vacant buildings (SEA260) qualify for maximum two year abatement if they are zoned commercial/industrial, and have been unoccupied for at least one year.

Does not include land and cannot be an excluded facility.

- A real property tax abatement deduction is the result of an increase in assessed value due the rehabilitation of redevelopment of real property
- A township assessor will notify the taxpayer of the increase in assessed value of their property using form 11.
- The deduction placed on the tax bill is the product of this increase in assessed value pursuant to a form 11 and a deduction percent (set by statute)

The real property tax may be awarded up to 10 years.

## INVESTMENT DEDUCTION CREDIT (IDC)

The phased in of property taxes as a result of investment in personal or real property that creates or retains employment.

A three year abatement phased in at a rate of 25%-50%-75% with an annual cap of \$2 million dollars.

Cannot be located in a TIF district and does not require local taxing authority approval.

Cannot be an excluded facility.

The IDC does not require the application/approval process and are not required to be in an ERA.

- An IDC is calculated using the same methodology as personal property tax abatement.

(This law was retracted by the state legislature in 2007 and may not be applicable for new projects)

## TAX INCREMENT FINANCING (TIF)

TIF is a tool which captures increases in assessed value from a new development. TIF can be used for any capital project that is in, serving or benefiting and economic development or redevelopment area.

TIF is used to offer incentives to induce new private investment to fund infrastructure and other improvements beneficial to the investor and the community.

Districts are established by redevelopment commissions and approved by city or county officials.

## PAYMENTS BY TAX ABATEMENT BENEFICIARIES

In certain circumstances, for property tax abatements granted after July 1, 2004, a company and a local government that grants the company tax abatement may agree to direct a portion of the abatement to which the company may otherwise be entitled, to a public or nonprofit entity established to promote economic development in the applicable unit.

Code 6-1.1-12.1-14

## NON TAX INCENTIVES

The following incentives may be recommended to the granting authority with qualifying information to support the investment by MCED.

Direct loans

Loan Guarantees

Industrial Revenue Bonds

Workforce Assistance

Technical Assistance

Development Impact Fee Waivers

Land Donations

Infrastructure Improvement

## LINKAGE AND CLAWBACK

The community may provide linkage or a clawback clause that links company performance with certain incentives and allows payback on certain upfront investments, should the company not live up to the agreed expectations.

## STATE INCENTIVES

MCED can assist you in presenting your project to the Indiana Economic Development Corporation with a local recommendation which may be beneficial in your initial negotiations with the state.

## HOW TO APPLY

1. Evaluate your project for the approximate amount of capital expenditure to take place.
2. Enquire of the Montgomery County Economic Development about the process for abatement.  
Phone: 765 362-6851 or email [admin@MCEDinc.com](mailto:admin@MCEDinc.com)
3. Complete the Statement of Benefits Form SB-1.
4. Submit to the local designating body along with an equipment list, if applicable, and a running summary of the investment. Note that any information submitted is considered public record upon submission.
5. To submit and SB-1 for an Eligible Vacant Building the SB-1 must contain:
  - A description of the building
  - Number of positions created and retained, including salaries
  - Information on efforts of the owners or previous owners to sell, lease, or rent by the owner during the period unoccupied.
  - Information on the amount the vacant building was offered for sale, lease, or rent by the owner or previous owner during the unoccupied period.
6. Attend the council meeting and if the abatement is approved, request a copy of the signed paperwork for future filings.

## UTILIZING IDC's

1. To utilize the personal property IDC, file form PPID-1 each year the deduction is being sought with your business personal property return (Form 103 Long).
2. For Real Property IDC, Form RPID-1 should be filed no later than 30 days from the mailing date of the Form 11 and only in the first year the deduction is requested.
3. Include a brief summary of how employment at your company is being created or retained as a result of the investment, an asset list and a copy of Form 11 if applicable.