

# Federal Brownfields Tax Incentive: Fields Environmental Bloomington, Indiana

---

## Overview

The Federal Brownfields Tax Incentive encourages brownfields redevelopment by allowing taxpayers to reduce their taxable income by the cost of their eligible cleanup expenses. The Incentive was originally signed into law in August 1997 as part of the Taxpayer Relief Act. It was renewed in October 2004 through the Working Families Tax Relief Act of 2004 and continues until December 2005. To qualify for the Tax Incentive, three criteria must be met:

- The property must be held by the taxpayer incurring the cleanup cost for use in a trade or business;
- Hazardous substances must be present or potentially present on the property; and
- The taxpayer must obtain a statement from a designated state agency verifying eligibility for the Tax Incentive.

Designed to spur investment in blighted properties and assist in revitalizing communities, the Federal Brownfields Tax Incentive can serve as a critical tool in brownfields cleanup and redevelopment efforts.



## Project Highlights

- The Federal Brownfields Tax Incentive enabled Fields Environmental to expense approximately \$80,000 in cleanup costs during the redevelopment of a 4-acre abandoned recycling center property near Bloomington, IN.
- The restored property, now home to the T.R. Thickstun Glass Company, includes economic and greenspace redevelopment.
- Upon completion of the Glass Company project, Fields Environmental initiated work on two other brownfields cleanup and redevelopment projects in and around Bloomington. The Federal Brownfields Tax Incentive has been a cornerstone for both projects.

## **Project Background**

As a small environmental cleanup business in Bloomington, IN, Fields Environmental is constantly looking for new opportunities. In 1997, the company became aware of the Federal Brownfields Tax Incentive through email correspondence with other environmental consultants. Knowing that Bloomington had several brownfields, Fields saw the chance to put the Tax Incentive to use. The company identified an abandoned site contaminated with foundry waste from its former use as a recycling center. In a purchase that became the first public/private partnership to use low-interest financing under a recently enacted state Brownfields financing program, Fields Environmental purchased the site in a tax sale from Monroe County.

The company then hired an environmental consulting firm to complete assessments, which revealed the presence of some hazardous substances. In preparation for redevelopment, Fields began a cleanup of the site that involved the removal of 60 loads of contaminated soil and the import of more than 80 loads of new soil and clay. The property is currently home to a commercial glass company.

## **Benefits of the Tax Incentive**

Fields Environmental's awareness of the Federal Brownfields Tax Incentive greatly assisted its cleanup and redevelopment operations. Indeed, the Incentive is an invaluable tool that allows businesses to perform cleanup and redevelopment projects, as some key expenditures can be written off as tax breaks. Rudy Fields, the owner of Fields Environmental, stated that the Tax Incentive "allows a little 'bump' to keep cash coming until the redevelopment occurs. I have told so many people about the Tax Incentive and how it is really important for smaller companies." According to Mr. Fields, approximately \$80,000 in cleanup costs were able to be expensed through the Federal Brownfields Tax Incentive.

Once cleanup on the Fields property was complete, the property was leased by the T.R. Thickstun Glass Company, which created three new jobs. Since then, the Tax Incentive made it economically feasible for Fields Environmental to initiate cleanup and redevelopment on two other brownfields in the Bloomington area.

## **Process for Utilizing the Tax Incentive**

Mr. Fields notes that it was a relatively uncomplicated process to have the Indiana Department of Environmental Management (IDEM) certify that the property qualified for the Tax Incentive. To certify the property, IDEM required a fully executed affidavit, including Phase I and II reports. Fields Environmental sent a letter and supporting documentation to IDEM, demonstrating that the property was a qualified site. After IDEM issued the certification, Fields was able to expense the cleanup costs associated with the project through the Tax Incentive. According to Mr. Fields, the Brownfields staff at IDEM was also helpful, responding efficiently to all inquiries from Fields Environmental. Utilizing the Federal Tax Incentive proved so easy for Fields, he went on to use it in additional cleanup and redevelopment projects.



**Recently completed headquarters of the T.R. Thickstun Glass Company.**

## **Community Impact of the Brownfields Tax Incentive**

Along with the success of the former recycling center project, Fields Environmental's other brownfields projects continue to offer benefits to the community. On the first of these other projects, Fields purchased a former plating facility from a federal bankruptcy court sale. Fields then worked with IDEM to complete Phase I and II assessments, installed four monitoring wells on the property, and successfully used the Federal Tax Incentive for expensing cleanup costs. The project was also assisted through a Community Development Block Grant from the U.S. Department of Housing and Urban Development. While still in progress, Mr. Fields believes this redevelopment project will produce new jobs when a manufacturing or production firm chooses to locate on this soon to be cleaned up property.

The second project involved a former junkyard contaminated with lead and PCBs. Fields Environmental purchased the site and is now conducting Phase I and II environmental assessments. Once cleanup is complete, these costs will be expensed using the Federal Tax Incentive. As the property is located in a lower-income area of Bloomington, the city has taken a particular interest in the project. Following cleanup, the city plans to purchase the property from Fields and turn it into three residential lots. Fields has also expressed interest in moving his company's headquarters to an existing building on the property. These projects have encouraged additional redevelopment in Bloomington's distressed areas and continue to improve the outlook for local residents.

## Continuing Success

Fields Environmental plans to continue to use the Federal Brownfields Tax Incentive for business opportunities that may not be possible otherwise. The Tax Incentive helps small business owners like Fields keep cash flowing during cleanup activities. IDEM now makes other stakeholders aware of potential brownfields property sales that they might be able to cleanup and redevelop, further promoting the reuse of brownfields throughout the State of Indiana. Fields Environmental continues to spread the word about the Federal Brownfields Tax Incentive to business owners who stand to benefit from it.

For more information about the Federal Brownfields Tax Incentive, please visit <http://www.epa.gov/brownfields/bftaxinc.htm>.

For more information on requirements for using the Federal Brownfields Tax Incentive in Indiana, please visit <http://www.in.gov/idem/land/brownfields/index.html>.