

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6318**

**BILL NUMBER: SB 50**

**NOTE PREPARED:** Nov 16, 2020

**BILL AMENDED:**

**SUBJECT:** Venture Capital Investment Tax Credit.

**FIRST AUTHOR:** Sen. Zay

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill provides that debt from qualified investment capital must be for a repayment term of at least 12 months. It clarifies that the Indiana Economic Development Corporation (IEDC) shall certify businesses that are engaged in sectors not excluded by the statute from eligibility and that are determined by the IEDC to have the significant potential to meet the listed statutory criteria. The bill removes limitations on retail businesses for the qualified Indiana business certification by the IEDC.

**Effective Date:** July 1, 2021.

**Explanation of State Expenditures:** *Indiana Economic Development Corporation (IEDC):* The bill modifies the criteria that the IEDC must use to certify businesses as eligible to receive the Venture Capital Investment tax credit. Implementing the provisions of the bill could result in additional workload for the IEDC, but should likely be accomplished within existing resources.

**Explanation of State Revenues:** The bill's expansion to include any businesses not specifically prohibited by statute and the removal of retail sales as a prohibited business type could potentially increase the number of businesses eligible to receive the tax credit. Conversely, the bill's requirement that repayment of debt incurred must be for a term of at least twelve months could reduce the number of eligible businesses. While the net impact of these changes on the number of businesses that may apply for the tax credit is indeterminable, the amount of credit a business may claim and the total amount of credits the IEDC may award annually may not exceed \$1M and \$12.5 M, respectively. Since the amount of credit awarded by the IEDC has hit the annual cap for the past several fiscal years, the revenue impact of the tax credit is likely to remain unchanged as a result of these provisions.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Economic Development Corporation.

**Local Agencies Affected:**

**Information Sources:** Indiana Economic Development Corporation, *Venture Capital Investment Tax Credit*, <https://iedc.in.gov/incentives/venture-capital-investment-tax-credit/home>.

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