

# HOUSE BILL No. 1089

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-34.

**Synopsis:** Tax credits for hiring certain individuals. Provides a tax credit against state tax liability for a small business that hires an eligible individual as a full-time employee in Indiana. Defines an "eligible individual" as a veteran, an individual who is at least 50 years of age, an individual with a physical or developmental disability, or an individual who has been totally unemployed for each of the 26 weeks preceding the hiring date. Specifies that the amount of the credit for hiring an eligible individual is the lesser of: (1) the amount of the unreimbursed training expenses incurred by the taxpayer in hiring the eligible individual; or (2) \$1,000.

**Effective:** January 1, 2015 (retroactive).

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January 6, 2015, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1089

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.1-34 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2015 (RETROACTIVE)]:  
4 **Chapter 34. Tax Credit for Hiring Eligible Individuals**  
5 **Sec. 1. This chapter applies to a taxable year beginning after**  
6 **December 31, 2014.**  
7 **Sec. 2. As used in this chapter, "department" refers to:**  
8 **(1) the department of state revenue; or**  
9 **(2) the department of insurance;**  
10 **whichever is obligated to administer the tax against which a tax**  
11 **credit is applied.**  
12 **Sec. 3. As used in this chapter, "eligible individual" means:**  
13 **(1) a veteran;**  
14 **(2) an individual who was at least fifty (50) years of age on the**  
15 **date the individual was hired;**



1 (3) an individual who has a physical or developmental  
2 disability; or

3 (4) an individual who was totally unemployed (as determined  
4 under IC 22-4-3-1) for each of the twenty-six (26) weeks  
5 preceding the date the individual was hired.

6 Sec. 4. As used in this chapter, "full-time employee" has the  
7 meaning set forth in IC 6-3.1-13-4.

8 Sec. 5. As used in this chapter, "pass through entity" means:

9 (1) a corporation that is exempt from the adjusted gross  
10 income tax under IC 6-3-2-2.8(2);

11 (2) a partnership;

12 (3) a limited liability company; or

13 (4) a limited liability partnership.

14 Sec. 6. As used in this chapter, "person" means any individual,  
15 partnership, firm, association, joint venture, limited liability  
16 company, limited liability partnership, or corporation.

17 Sec. 7. As used in this chapter, "small business" means a  
18 business that:

19 (1) employs the majority of its employees in Indiana;

20 (2) is independently owned; and

21 (3) satisfies either of the following requirements:

22 (A) In the case of a business that employed at least one (1)  
23 employee in the preceding taxable year, the business  
24 employed not more than one hundred fifty (150) employees  
25 on at least fifty percent (50%) of the working days of the  
26 business occurring during the preceding taxable year.

27 (B) In the case of a business that employed zero (0)  
28 employees in the preceding taxable year, the business  
29 employs not more than one hundred fifty (150) employees  
30 on at least fifty percent (50%) of the working days of the  
31 business occurring during the taxable year for which the  
32 taxpayer seeks a tax credit under this chapter.

33 Sec. 8. As used in this chapter, "state tax liability" means a  
34 taxpayer's total tax liability that is incurred under:

35 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

36 (2) IC 6-5.5 (the financial institutions tax); and

37 (3) IC 27-1-18-2 (the insurance premiums tax);

38 as computed after the application of the credits that under  
39 IC 6-3.1-1-2 are to be applied before the credit provided by this  
40 chapter.

41 Sec. 9. As used in this chapter, "taxpayer" means a person that  
42 owns and operates a small business.



1           **Sec. 10. (a)** As used in this chapter, "unreimbursed training  
2 expense" means an expense incurred by a taxpayer that is:

- 3           (1) directly attributable to providing training or retraining, or  
4 both, to an eligible individual to improve the skills required of  
5 the eligible individual by the taxpayer; and  
6           (2) not reimbursed in whole or in part through any federal,  
7 state, or local grants or other payments for training or hiring  
8 a new employee.

9           **(b)** The term includes direct cash expenses incurred by the  
10 taxpayer and any reasonable amount paid by the taxpayer for  
11 training or retraining, or both:

- 12           (1) to an approved postsecondary educational institution (as  
13 defined by IC 21-7-13-6(b)); or  
14           (2) directly to an instructor.

15           **Sec. 11.** As used in this section, "veteran" means either of the  
16 following:

17           (1) An individual who has received an honorable discharge  
18 from service in one (1) or more of the following:

- 19           (A) The United States armed forces or their reserves.  
20           (B) The Indiana Army National Guard.  
21           (C) The Indiana Air National Guard.

22           (2) An individual who is serving in one (1) of the following:

- 23           (A) The United States armed forces or their reserves.  
24           (B) The Indiana Army National Guard.  
25           (C) The Indiana Air National Guard.

26           **Sec. 12. (a)** Except as provided in subsection (c), a taxpayer is  
27 entitled to a credit against the taxpayer's state tax liability for each  
28 eligible individual the taxpayer hires during a taxable year as a  
29 full-time employee in Indiana.

30           **(b)** The amount of the tax credit for each eligible individual  
31 hired for full-time employment in Indiana during the taxable year  
32 is equal to the lesser of:

- 33           (1) the amount of the unreimbursed training expenses  
34 incurred by the taxpayer with respect to the eligible  
35 individual; or  
36           (2) one thousand dollars (\$1,000).

37           **(c)** A taxpayer may not claim the credit provided by subsection  
38 **(a)** for hiring an eligible individual if:

- 39           (1) the taxpayer is required to hire or rehire the eligible  
40 individual by federal or state law; or  
41           (2) the taxpayer claims any other credit under this article for  
42 hiring the eligible individual.



1       **Sec. 13. If a pass through entity does not have state tax liability**  
2 **for a taxable year but is otherwise entitled to the tax credit**  
3 **provided by this chapter, each shareholder, partner, or member of**  
4 **the pass through entity is entitled to a share of the tax credit equal**  
5 **to:**

6           (1) the amount of the tax credit determined for the pass  
7 through entity for the taxable year; multiplied by

8           (2) the percentage of the pass through entity's distributive  
9 income to which the shareholder, partner, or member is  
10 entitled.

11       **Sec. 14. (a) If the credit provided by this chapter exceeds a**  
12 **taxpayer's state tax liability for the taxable year for which the**  
13 **credit is first claimed, the excess may be carried forward to**  
14 **succeeding taxable years and used as a credit against the**  
15 **taxpayer's state tax liability during those taxable years. Each time**  
16 **the credit is carried forward to a succeeding taxable year, the**  
17 **credit is to be reduced by the amount that was used as a credit**  
18 **during the immediately preceding taxable year. The credit**  
19 **provided by this chapter may be carried forward and applied to**  
20 **succeeding taxable years for not more than nine (9) taxable years**  
21 **following the first year for which the credit is claimed.**

22       **(b) A taxpayer is not entitled to a carryback or refund of any**  
23 **unused credit under this chapter.**

24       **Sec. 15. To receive the tax credit under this chapter, a taxpayer**  
25 **must claim the credit on the taxpayer's annual state tax return or**  
26 **returns in the manner prescribed by the department.**

27       **SECTION 2. An emergency is declared for this act.**

