

HOUSE BILL No. 1119

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-27.

Synopsis: Income tax deduction for recent graduates. Provides an adjusted gross income tax deduction for Indiana residents who obtain: (1) a bachelor or an associate degree from a postsecondary educational institution; or (2) a certificate from a high value workforce certificate program, as determined by the commission for higher education (commission); in taxable years immediately following the taxable year in which the individual obtained the degree or certificate. Provides that a qualified individual is entitled to the tax deduction in each of the first two or four taxable years, depending on the type of degree or certificate obtained, that begin immediately following the taxable year in which the qualified individual completed the applicable educational program. Provides that the tax deduction for a particular qualified year is equal to the lesser of: (1) the amount of the individual's Indiana adjusted gross income; or (2) \$50,000. Requires the commission to, in part, determine and certify an individual's eligibility for the tax deduction.

Effective: January 1, 2023.

O'Brien

January 4, 2022, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

HOUSE BILL No. 1119

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 6-3-2-27 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2023]: **Sec. 27. (a) As used in this section,**
4 **"commission" means the commission for higher education.**
5 **(b) As used in this section, "qualified individual" means an**
6 **individual who satisfies the following requirements:**
7 **(1) The individual is an Indiana resident.**
8 **(2) The individual has been issued a certificate of eligibility by**
9 **the commission certifying either of the following:**
10 **(A) The individual graduated after December 31, 2022,**
11 **from a postsecondary educational institution located in**
12 **Indiana with a bachelor degree or an associate degree.**
13 **(B) The individual successfully completed, after December**
14 **31, 2022, all requirements to obtain a certificate from a**
15 **high value workforce certificate program, as determined**
16 **by the commission, located in Indiana.**
17 **(c) As used in this section, "qualified taxable year" refers:**



1 (1) for a qualified individual who obtained a bachelor degree
 2 from a postsecondary educational institution, to the first four
 3 (4) taxable years; or

4 (2) for a qualified individual who obtained:

5 (A) an associate degree from a postsecondary educational
 6 institution; or

7 (B) a high value workforce certificate program described
 8 in subsection (b)(2)(B);

9 to the first two (2) taxable years;

10 immediately following the taxable year in which a qualified
 11 individual completed the applicable educational program described
 12 in subsection (b)(2).

13 (d) In each qualified taxable year with respect to a particular
 14 qualified individual, the qualified individual is entitled to an
 15 adjusted gross income tax deduction in an amount equal to the
 16 lesser of the following:

17 (1) the qualified individual's adjusted gross income for that
 18 particular taxable year; or

19 (2) fifty thousand dollars (\$50,000).

20 (e) Before filing a tax return for the first qualified taxable year
 21 for which a taxpayer wishes to claim a deduction under this
 22 section, the taxpayer must apply to the commission for a certificate
 23 of eligibility on a form prescribed by the commission. A taxpayer
 24 shall attach to the application a transcript and any other
 25 information requested by the commission to enable the commission
 26 to determine whether the taxpayer satisfies the criteria described
 27 in subsection (b)(2).

28 (f) The commission shall issue a certificate of eligibility to each
 29 applicant taxpayer determined by the commission to have satisfied
 30 the criteria described in subsection (b)(2). A certificate of eligibility
 31 issued by the commission applies to each qualified taxable year for
 32 which a taxpayer claims a deduction under this section.

33 (g) To receive the deduction provided by this section, a qualified
 34 individual must claim the deduction on the qualified individual's
 35 annual state tax return or returns in the manner prescribed by the
 36 department. The qualified individual shall submit to the
 37 department a copy of the certificate of eligibility issued under
 38 subsection (f) and all information that the department determines
 39 is necessary for the determination of the deduction provided by
 40 this section.

41 (h) In determining whether a certificate program is a high value
 42 certificate program, the commission shall consider at least the



- 1 following for each certificate program:
- 2 (1) Workforce demand and needs.
- 3 (2) Wage level data and information.
- 4 (3) Program content and completion data.
- 5 (4) Job placement data.
- 6 (5) The program's impact on public safety.

