

HOUSE BILL No. 1236

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-42.

Synopsis: Apprenticeship tax credit. Provides for an apprenticeship tax credit (credit) for an eligible employer. Provides that the amount of the credit is equal to 50% of qualified expenses attributable to the establishment of an apprenticeship program. Provides maximum amounts of the credit: (1) in a taxable year; and (2) in aggregate. Provides that the total amount of credits that may be awarded for a state fiscal year may not exceed \$10,000,000.

Effective: January 1, 2025.

Goodrich, Judy, Heine

January 9, 2024, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1236

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 6-3.1-42 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2025]:
4 **Chapter 42. Apprenticeship Tax Credit**
5 **Sec. 1. As used in this chapter, "apprentice" means a worker**
6 **who is:**
7 **(1) at least sixteen (16) years of age, except where a higher**
8 **minimum age standard is otherwise fixed by law; and**
9 **(2) employed to learn an apprenticeable occupation that is in**
10 **a high demand field and for which the average rate of pay is**
11 **above the state median wage.**
12 **Sec. 2. As used in this chapter, "eligible employer" means a**
13 **person, corporation, limited liability company, partnership, or**
14 **other entity.**
15 **Sec. 3. As used in this chapter, "qualified expenses" means**
16 **expenses incurred by an eligible employer that are directly related**
17 **to the employer establishing an apprenticeship program for the**



- 1 hiring of apprentices.
- 2 **Sec. 4. As used in this chapter, "state tax liability" means a**
3 **taxpayer's total tax liability that is incurred under:**
4 **(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);**
5 **and**
6 **(2) IC 6-5.5 (the financial institutions tax);**
7 **as computed after the application of the credits that under**
8 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
9 **chapter.**
- 10 **Sec. 5. As used in this chapter, "taxpayer" means an eligible**
11 **employer that has state tax liability.**
- 12 **Sec. 6. A taxpayer that employs an apprentice for least six (6)**
13 **full months in a taxable year through an apprenticeship program**
14 **established by the taxpayer is entitled to a credit against the**
15 **taxpayer's state tax liability in the taxable year in which the**
16 **taxpayer employs the apprentice. Except as provided in section 9**
17 **of this chapter, a taxpayer may not claim a credit under this**
18 **chapter in more than two (2) taxable years.**
- 19 **Sec. 7. Subject to section 9 of this chapter, the amount of the**
20 **credit is an amount equal to:**
21 **(1) fifty percent (50%) of qualified expenses incurred during**
22 **a taxable year beginning after December 31, 2024, by the**
23 **taxpayer; multiplied by**
24 **(2) the number of apprentices employed through the**
25 **apprenticeship program in the taxable year.**
- 26 **Sec. 8. (a) The maximum amount of the credit provided under**
27 **this chapter attributable to employment of a particular individual**
28 **apprentice in a taxable year may not exceed five thousand dollars**
29 **(\$5,000).**
- 30 **(b) The maximum amount of aggregate credits provided to a**
31 **taxpayer under this chapter may not exceed a total of two hundred**
32 **fifty thousand dollars (\$250,000).**
- 33 **Sec. 9. (a) If the amount of the credit determined under section**
34 **7 of this chapter for a taxpayer in a taxable year exceeds the**
35 **taxpayer's state tax liability for that taxable year, the taxpayer**
36 **may carry the excess credit over for a period not to exceed the**
37 **eligible taxpayer's following three (3) taxable years. The amount**
38 **of the credit carryover from a taxable year shall be reduced to the**
39 **extent that the carryover is used by the taxpayer to obtain a credit**
40 **under this chapter for any subsequent taxable year. A taxpayer is**
41 **not entitled to a carryback or a refund of any unused credit**
42 **amount.**



1 **(b) A taxpayer may not assign any part of a credit to which the**
2 **taxpayer is entitled under this chapter.**

3 **Sec. 10. If a pass through entity is entitled to a credit under**
4 **section 6 of this chapter but does not have state tax liability against**
5 **which the tax credit may be applied, a shareholder, partner, or**
6 **member of the pass through entity is entitled to a tax credit equal**
7 **to:**

8 **(1) the tax credit determined for the pass through entity for**
9 **the taxable year; multiplied by**

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

13 **Sec. 11. To apply a credit against the taxpayer's state tax**
14 **liability, a taxpayer must claim the credit on the taxpayer's annual**
15 **state tax return or returns in the manner prescribed by the**
16 **department. The taxpayer shall submit to the department the**
17 **information that the department determines is necessary for the**
18 **department to determine whether the taxpayer is eligible for the**
19 **credit.**

20 **Sec. 12. (a) The total amount of credits that may be awarded**
21 **under this chapter for a state fiscal year may not exceed ten million**
22 **dollars (\$10,000,000).**

23 **(b) The department shall record the time of filing of each claim**
24 **for a credit under this chapter and shall approve the credits, if they**
25 **otherwise qualify, in the chronological order in which the claims**
26 **for the credit are filed in the state fiscal year.**

27 **(c) When the total credits approved under this section equal the**
28 **maximum amount allowable in a state fiscal year, no credit claimed**
29 **in that same state fiscal year shall be allowed.**

30 **Sec. 13. The department, on a website used by the department**
31 **to provide information to the public, shall provide the following**
32 **information:**

33 **(1) The application for the credit provided in this chapter.**

34 **(2) A timeline for receiving the credit provided in this chapter.**

35 **(3) The total amount of credits awarded under this chapter**
36 **during the current state fiscal year.**

