

HOUSE BILL No. 1251

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-34.

Synopsis: Tax credit for tuition expenses. Provides a tax credit against state tax liability to an employer that incurs tuition expenses for a course taken by an employee at a state educational institution if the employee achieves a final grade point of at least 2.0 (or its equivalent) for the course.

Effective: January 1, 2015.

Battles

January 14, 2014, read first time and referred to Committee on Ways and Means.



Second Regular Session 118th General Assembly (2014)

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 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1251

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]:
4 **Chapter 34. Employer Tax Credit for Tuition Expenses**
5 **Sec. 1. This chapter applies only to taxable years beginning after**
6 **December 31, 2014.**
7 **Sec. 2. As used in this chapter, "employer" means an entity that**
8 **has employees, including:**
9 (1) **an individual acting as a sole proprietor;**
10 (2) **a pass through entity; and**
11 (3) **a corporation.**
12 **Sec. 3. As used in this chapter, "pass through entity" means:**
13 (1) **a corporation that is exempt from the adjusted gross**
14 **income tax under IC 6-3-2-2.8(2);**
15 (2) **a partnership;**
16 (3) **a limited liability company; or**



- 1 **(4) a limited liability partnership.**
2 **Sec. 4. As used in this chapter, "state educational institution"**
3 **has the meaning set forth in IC 21-7-13-32.**
4 **Sec. 5. As used in this chapter, "state tax liability" means a**
5 **taxpayer's total tax liability that is incurred under:**
6 **(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);**
7 **(2) IC 6-5.5 (the financial institutions tax); and**
8 **(3) IC 27-1-18-2 (the insurance premiums tax);**
9 **as computed after the application of the credits that under**
10 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
11 **chapter.**
12 **Sec. 6. As used in this chapter, "taxpayer" means a person,**
13 **corporation, partnership, or other entity that has any state tax**
14 **liability.**
15 **Sec. 7. As used in this chapter, "tuition" includes required**
16 **books, course supplies, and course fees.**
17 **Sec. 8. (a) Each taxable year, subject to subsection (b), an**
18 **employer that incurs tuition expenses for an employee who attends**
19 **a state educational institution during the taxable year is entitled to**
20 **a credit against state tax liability for the amount of tuition expenses**
21 **incurred during the taxable year for a course in which the**
22 **employee achieves a final grade of at least:**
23 **(1) 2.0, if a 4.0 grading scale is used; or**
24 **(2) a grade equivalent to the grade specified in subdivision (1),**
25 **if another grading scale is used.**
26 **(b) The credit provided by subsection (a) is not allowed for**
27 **tuition expenses to the extent a taxpayer has claimed a deduction**
28 **from the taxpayer's federal gross income for the tuition expenses**
29 **in determining the taxpayer's Indiana adjusted gross income.**
30 **Sec. 9. An employer that claims the credit provided by this**
31 **chapter shall keep the following records for each tuition payment**
32 **the employer makes for a course taken by an employee at a state**
33 **educational institution:**
34 **(1) The name of the employee.**
35 **(2) The state educational institution at which the course was**
36 **taken.**
37 **(3) The name of the course.**
38 **(4) The academic semester or other period in which the course**
39 **was taken.**
40 **(5) The amount of the tuition payment.**
41 **(6) The employee's final grade in the course.**
42 **(7) Any other reasonable information required by the**



- 1 department.
- 2 **Sec. 10. If a pass through entity does not have state tax liability**
- 3 **for a taxable year but is otherwise entitled to the tax credit**
- 4 **provided by this chapter, each shareholder, partner, or member of**
- 5 **the pass through entity is entitled to a share of the tax credit equal**
- 6 **to:**
- 7 (1) the amount of the tax credit determined for the pass
- 8 through entity for the taxable year; multiplied by
- 9 (2) the percentage of the pass through entity's distributive
- 10 income to which the shareholder, partner, or member is
- 11 entitled.
- 12 **Sec. 11. (a) If the credit provided by this chapter exceeds a**
- 13 **taxpayer's state tax liability for the taxable year for which the**
- 14 **credit is first claimed, the excess may be carried forward to**
- 15 **succeeding taxable years and used as a credit against the**
- 16 **taxpayer's state tax liability during those taxable years. Each time**
- 17 **the credit is carried forward to a succeeding taxable year, the**
- 18 **credit is to be reduced by the amount that was used as a credit**
- 19 **during the immediately preceding taxable year. The credit**
- 20 **provided by this chapter may be carried forward and applied to**
- 21 **succeeding taxable years for not more than five (5) taxable years**
- 22 **following the first year for which the credit is claimed.**
- 23 (b) A taxpayer is not entitled to a carryback or refund of any
- 24 unused credit under this chapter.
- 25 **Sec. 12. To receive the tax credit under this chapter, a taxpayer**
- 26 **must claim the credit on the taxpayer's annual state tax return or**
- 27 **returns in the manner prescribed by the department.**

