



February 13, 2015

HOUSE BILL No. 1605

DIGEST OF HB 1605 (Updated February 11, 2015 5:37 pm - DI 107)

Citations Affected: IC 6-3.1.

Synopsis: Tax credit for medical device manufacturers. Provides a tax credit against adjusted gross income tax liability for taxpayers who: (1) are subject to the federal medical device excise tax; and (2) receive certification of a credit amount from the Indiana economic development corporation based on the taxpayer's creation or retention of jobs in Indiana. Provides that the tax credit: (1) applies to taxable years after December 31, 2014, and before January 1, 2017; (2) may not be awarded after the date on which the federal medical device excise tax is repealed or expires under the Internal Revenue Code; and (3) shall not exceed the amount of federal medical device excise tax the corporation paid for the previous calendar year.

Effective: Upon passage.

Smaltz, Hale, Austin, Heaton

January 22, 2015, read first time and referred to Committee on Commerce, Small Business and Economic Development.
February 12, 2015, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

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February 13, 2015

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. 1605

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 6-3.1-13.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]:
4 **Chapter 13.1. Medical Device Manufacturers Tax Credit**
5 **Sec. 1. (a) Subject to subsection (b), this chapter applies to jobs**
6 **created or retained after May 15, 2015, and before January 1,**
7 **2017, and to taxable years after December 31, 2014, and before**
8 **January 1, 2017.**
9 **(b) This chapter does not apply after the date on which the**
10 **federal medical device excise tax is repealed or expires under the**
11 **Internal Revenue Code.**
12 **Sec. 2. As used in this chapter, "certified credit amount" means**
13 **the taxpayer's credit amount certified by the corporation under**
14 **section 9 of this chapter.**
15 **Sec. 3. As used in this chapter, "federal excise tax liability"**

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1 refers to a taxpayer's liability for the federal medical device excise
2 tax under 26 U.S.C. 4191.

3 Sec. 4. As used in this chapter, "qualified taxpayer" refers to a
4 taxpayer who has federal excise tax liability.

5 Sec. 5. As used in this chapter, "state tax liability" means a
6 taxpayer's total tax liability that is incurred under IC 6-3-1
7 through IC 6-3-7 (the adjusted gross income tax).

8 Sec. 6. Subject to the conditions set forth in this chapter, a
9 qualified taxpayer is entitled to credit against any state tax liability
10 that may be imposed on a qualified taxpayer for a taxable year in
11 which this chapter applies, if the taxpayer is awarded a certified
12 credit amount by the corporation under section 9 of this chapter
13 for that taxable year.

14 Sec. 7. Subject to section 1 of this chapter, a qualified taxpayer
15 may apply to the corporation for certification of a credit amount
16 for creating or retaining jobs in Indiana in a taxable year in which
17 this chapter applies. The corporation shall prescribe the form for
18 the application and require any information necessary to verify
19 that the jobs have been created or retained by the qualified
20 taxpayer.

21 Sec. 8. This section applies to an application submitted by a
22 qualified taxpayer who proposes to retain existing jobs in Indiana.
23 After receipt of an application, the corporation may certify a credit
24 amount for a taxable year under this chapter, if the corporation
25 determines that three (3) or more of the following conditions exist:

26 (1) The applicant's project will retain existing jobs performed
27 by the employees of the applicant in Indiana.

28 (2) The applicant is engaged in research and development or
29 manufacturing, according to the NAICS Manual of the United
30 States Office of Management and Budget.

31 (3) The average compensation (including benefits) provided
32 to the applicant's employees during the applicant's previous
33 fiscal year exceeds the greater of the following:

34 (A) If there is more than one (1) business in the same
35 NAICS industry sector as the applicant's business in the
36 county in which the applicant's business is located, the
37 average compensation paid during that same period to all
38 employees working in that NAICS industry sector in that
39 county multiplied by one hundred five percent (105%).

40 (B) If there is more than one (1) business in the same
41 NAICS industry sector as the applicant's business in
42 Indiana, the average compensation paid during that same



- 1 period to all employees working in that NAICS industry
 2 sector throughout Indiana multiplied by one hundred five
 3 percent (105%).
 4 (C) The compensation for that same period corresponding
 5 to the federal minimum wage multiplied by two hundred
 6 percent (200%).
 7 (4) The applicant employs at least ten (10) employees in
 8 Indiana.
 9 (5) The applicant has prepared a plan for the use of the
 10 credits under this chapter for:
 11 (A) investment in facility improvements or equipment and
 12 machinery upgrades, repairs, or retrofits; or
 13 (B) other direct business related investments, including,
 14 but not limited to, training.
 15 (6) Receiving the tax credit is a major factor in the applicant's
 16 decision to go forward with the project, and not receiving the
 17 tax credit will increase the likelihood of the applicant
 18 reducing jobs in Indiana.
 19 (7) Awarding the tax credit will result in an overall positive
 20 fiscal impact to the state, as certified by the budget agency
 21 using the best available data.
 22 (8) The applicant's business and project are economically
 23 sound and will benefit the people of Indiana by increasing or
 24 maintaining opportunities for employment and strengthening
 25 the economy of Indiana.
 26 (9) The communities affected by the potential reduction in
 27 jobs or relocation of jobs to another site outside Indiana have
 28 committed local incentives with respect to the retention of
 29 jobs in an amount determined by the corporation. For
 30 purposes of this subdivision, local incentives include, but are
 31 not limited to, cash grants, tax abatements, infrastructure
 32 improvements, investment in facility rehabilitation,
 33 construction, and training investments.
 34 (10) The credit is not prohibited by IC 6-3.1-13-16.
 35 (11) If the business is located in a community revitalization
 36 enhancement district established under IC 36-7-13 or a
 37 certified technology park established under IC 36-7-32, the
 38 legislative body of the political subdivision establishing the
 39 district or park has adopted an ordinance recommending the
 40 granting of a credit amount that is at least equal to the credit
 41 amount provided in the agreement.
 42 Sec. 9. (a) If the corporation determines that a qualified



1 taxpayer has created jobs in Indiana or retained jobs in Indiana as
2 determined under section 8 of this chapter in a taxable year in
3 which this chapter applies, the corporation shall certify a credit
4 amount awarded under this chapter as follows:

5 (1) The corporation shall award a credit amount for creating
6 jobs equal to the product of:

7 (A) the number of jobs created in the taxable year by the
8 qualified taxpayer; multiplied by

9 (B) five thousand dollars (\$5,000).

10 (2) The credit amount for retaining jobs is equal to the
11 product of:

12 (A) the number of jobs retained in the taxable year by the
13 qualified taxpayer; multiplied by

14 (B) two thousand five hundred dollars (\$2,500).

15 (b) A credit awarded under this chapter shall not exceed the
16 amount of federal medical device excise tax under 26 U.S.C. 4191
17 that the corporation paid for the previous calendar year.

18 **Sec. 10. This chapter expires January 1, 2017.**

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



COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Small Business and Economic Development, to which was referred House Bill 1605, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1605 as introduced.)

SMALTZ

Committee Vote: yeas 10, nays 0.

