

SENATE BILL No. 200

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-34.

Synopsis: Income tax credit for hiring returning veterans. Provides a tax credit against state tax liability each taxable year to an employer who hires an eligible returning veteran. Specifies that the amount of the credit is \$1,000 for each eligible returning veteran the employer hires who works 2,000 hours during the taxable year. Prorates the employer's credit if the employee works less than 2,000 hours during the taxable year.

Effective: July 1, 2014.

Skinner

January 9, 2014, read first time and referred to Committee on Appropriations.



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.

SENATE BILL No. 200

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 JULY 1, 2014]:
- 4 **Chapter 34. Tax Credit for Hiring Returning Veterans**
- 5 **Sec. 1. This chapter applies only to taxable years beginning after**
- 6 **December 31, 2014.**
- 7 **Sec. 2. As used in this chapter, "pass through entity" means:**
- 8 **(1) a corporation that is exempt from the adjusted gross**
- 9 **income tax under IC 6-3-2-2.8(2);**
- 10 **(2) a partnership;**
- 11 **(3) a limited liability company; or**
- 12 **(4) a limited liability partnership.**
- 13 **Sec. 3. As used in this chapter, "state tax liability" means a**
- 14 **taxpayer's total tax liability that is incurred under:**
- 15 **(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);**
- 16 **(2) IC 6-5.5 (the financial institutions tax); and**



1 (3) IC 27-1-18-2 (the insurance premiums tax);
2 as computed after the application of the credits that under
3 IC 6-3.1-1-2 are to be applied before the credit provided by this
4 chapter.

5 Sec. 4. As used in this chapter, "taxpayer" means a person,
6 corporation, partnership, or other entity that has any state tax
7 liability.

8 Sec. 5. (a) As used in this section, "eligible returning veteran"
9 means an individual who was deployed on active duty service in a
10 branch or reserve component of the United States military within
11 the two (2) year period immediately preceding the individual's hire
12 date.

13 (b) Each taxable year, except as otherwise provided in this
14 section, a taxpayer is entitled to a credit against the taxpayer's
15 state tax liability for each eligible returning veteran the taxpayer
16 hires during the taxable year for employment in Indiana. For each
17 eligible returning veteran hired by the taxpayer during the taxable
18 year for employment in Indiana, the amount of the credit is equal
19 to the product of:

20 (1) one thousand dollars (\$1,000); multiplied by

21 (2) the lesser of:

22 (A) a fraction equal to:

23 (i) the number of hours actually worked by the eligible
24 returning veteran for the taxpayer during the taxable
25 year; divided by

26 (ii) two thousand (2,000) hours; or

27 (B) one (1).

28 (c) A taxpayer that is required to hire or rehire the eligible
29 returning veteran by federal or state law may not claim the credit
30 provided by subsection (b) for the eligible returning veteran.

31 (d) A taxpayer may not claim the credit provided by subsection
32 (b) for hiring an eligible returning veteran if the taxpayer claims
33 any other credit under this article for hiring the eligible returning
34 veteran.

35 Sec. 6. If a pass through entity does not have state tax liability
36 for a taxable year but is otherwise entitled to the tax credit
37 provided by this chapter, each shareholder, partner, or member of
38 the pass through entity is entitled to a share of the tax credit equal
39 to:

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

42 (2) the percentage of the pass through entity's distributive



1 income to which the shareholder, partner, or member is
2 entitled.

3 **Sec. 7. (a) If the tax credit provided by this chapter exceeds a**
4 **taxpayer's state tax liability for the taxable year for which the**
5 **credit is first claimed, the excess may be carried forward to**
6 **succeeding taxable years and used as a credit against the**
7 **taxpayer's state tax liability during those taxable years. Each time**
8 **the credit is carried forward to a succeeding taxable year, the**
9 **credit is to be reduced by the amount that was used as a credit**
10 **during the immediately preceding taxable year. The credit**
11 **provided by this chapter may be carried forward and applied to**
12 **succeeding taxable years for not more than four (4) taxable years**
13 **following the first year for which the credit is claimed.**

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

16 **Sec. 8. To receive the tax credit under this chapter, a taxpayer**
17 **must claim the credit on the taxpayer's annual state tax return or**
18 **returns in the manner prescribed by the department.**

