

# SENATE BILL No. 260

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4-28; IC 6-3.1.

**Synopsis:** Neighborhood and individual development incentives. Defines a "community based organization" as a private, nonprofit corporation whose purpose includes the provision of services that primarily benefit low income individuals and communities and provides that such an organization is eligible to administer, through a financial institution, an individual development account (account). (Current law limits administration, through a financial institution, of an account to community development corporations.) Provides that: (1) the first \$1,500 (rather than \$800) is eligible for a state deposit in an individual's account; (2) the allocation, for each account that has been established for not more than five years, is \$3 for each \$1 of the first \$1,500 (rather than the first \$400) an individual deposited into the individual's account; and (3) the amount of the allocation may not exceed \$4,500 (rather than \$2,400) for each account. Makes various changes to the administration of and procedure for claiming the neighborhood assistance tax credit and the individual development account tax credit. Removes a reference to an obsolete tax.

**Effective:** July 1, 2024.

---

---

## Becker

---

---

January 16, 2024, read first time and referred to Committee on Tax and Fiscal Policy.

---

---



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.

# SENATE BILL No. 260

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 4-4-28-1.7 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2024]: **Sec. 1.7. As used in this chapter, "community based  
4 organization" means a private, nonprofit corporation whose  
5 purpose includes the provision of services that primarily benefit  
6 low income individuals and communities.**

7 SECTION 2. IC 4-4-28-2.5 IS ADDED TO THE INDIANA CODE  
8 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
9 1, 2024]: **Sec. 2.5. As used in this chapter, "eligible organization"  
10 means a:**

- 11 **(1) community development corporation; or**
- 12 **(2) community based organization.**

13 SECTION 3. IC 4-4-28-4 IS AMENDED TO READ AS FOLLOWS  
14 [EFFECTIVE JULY 1, 2024]: **Sec. 4. As used in this chapter, "fund"**  
15 **refers to an individual development account fund established by a**  
16 **community development corporation an eligible organization** under  
17 section 13 of this chapter.



1 SECTION 4. IC 4-4-28-5, AS AMENDED BY P.L.50-2016,  
 2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 2024]: Sec. 5. As used in this chapter, "individual  
 4 development account" means an account in a financial institution  
 5 administered by a ~~community development corporation~~ **an eligible**  
 6 **organization** that allows a qualifying individual to deposit money:

7 (1) to be matched by the state, financial institutions, corporations,  
 8 and other entities; and

9 (2) that will be used by the qualifying individual for one (1) or  
 10 more of the following:

11 (A) To pay for costs (including tuition, laboratory costs, books,  
 12 computer costs, and other costs associated with attendance) at  
 13 an accredited postsecondary educational institution or a  
 14 vocational school that is not a postsecondary educational  
 15 institution, for the individual or for a dependent of the  
 16 individual.

17 (B) To pay for the costs (including tuition, laboratory costs,  
 18 books, computer costs, and other costs) associated with an  
 19 accredited or a licensed training program that may lead to  
 20 employment for the individual or for a dependent of the  
 21 individual.

22 (C) To purchase a primary residence located in Indiana for the  
 23 individual or for a dependent of the individual or to reduce the  
 24 principal amount owed on a primary residence located in  
 25 Indiana that was purchased by the individual or a dependent of  
 26 the individual with money from an individual development  
 27 account.

28 (D) To pay for the rehabilitation (as defined in IC 6-3.1-11-11)  
 29 of the individual's primary residence located in Indiana.

30 (E) To begin or to purchase part or all of a business based in  
 31 Indiana or to expand an existing small business based in  
 32 Indiana.

33 (F) Subject to section 8(b) of this chapter, to purchase a motor  
 34 vehicle.

35 SECTION 5. IC 4-4-28-7, AS AMENDED BY P.L.50-2016,  
 36 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2024]: Sec. 7. (a) A qualifying individual, including an  
 38 individual who:

39 (1) established an individual development account under this  
 40 chapter before July 1, 2001; and

41 (2) held the account described in subdivision (1) for less than four

42 (4) years;



1 may establish an account by applying at a ~~community development~~  
2 ~~corporation~~ **an eligible organization** after June 30, 2001.

3 (b) At the time of establishing an account under this section, the  
4 qualifying individual must name a beneficiary to replace the qualifying  
5 individual as the holder of the account if the qualifying individual dies.

6 If the beneficiary:

7 (1) is a member of the qualifying individual's family, all funds in  
8 the account remain in the account; and

9 (2) is not a member of the qualifying individual's family, all funds  
10 in the account provided by the state revert to the state.

11 The qualifying individual may change the name of the beneficiary at  
12 the qualifying individual's discretion. A beneficiary who becomes the  
13 holder of an account under this subsection is subject to this chapter and  
14 rules adopted under this chapter regarding withdrawals from the  
15 account.

16 (c) Only one (1) member of a qualifying individual's household may  
17 establish an account.

18 (d) A qualifying individual shall maintain residency in Indiana until  
19 the individual development account is closed.

20 SECTION 6. IC 4-4-28-8, AS AMENDED BY P.L.50-2016,  
21 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22 JULY 1, 2024]: Sec. 8. (a) ~~A community development corporation~~ **An**  
23 **eligible organization** shall do the following:

24 (1) Determine whether an individual who wants to establish an  
25 account is a qualifying individual.

26 (2) Administer, through a financial institution, and act as trustee  
27 for each account established through the ~~community development~~  
28 ~~corporation~~: **eligible organization**.

29 (3) Approve or deny an individual's request to make a withdrawal  
30 from the individual's account.

31 (4) Provide or arrange for training in money management,  
32 budgeting, and related topics for each individual who establishes  
33 an account.

34 (b) ~~A community development corporation~~ **An eligible**  
35 **organization** may approve a qualifying individual's request to make a  
36 withdrawal from an account to purchase a motor vehicle if the purpose  
37 of the purchase is primarily to transport the individual to and from  
38 work, postsecondary education, or an accredited or licensed training  
39 program intended to lead to employment of the individual or a  
40 dependent of the individual.

41 SECTION 7. IC 4-4-28-9, AS AMENDED BY P.L.150-2007,  
42 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2024]: Sec. 9. (a) An individual may deposit money from the  
2 individual's earned income into the individual's account.

3 (b) An individual may deposit an unlimited amount of money into  
4 the individual's account, ~~However, only eight hundred of which the~~  
5 **first one thousand five hundred** dollars (~~\$800~~) (**\$1,500**) annually is  
6 eligible for a state deposit as provided in section 12 of this chapter.

7 SECTION 8. IC 4-4-28-10, AS AMENDED BY P.L.150-2007,  
8 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
9 JULY 1, 2024]: Sec. 10. (a) Not more than eight hundred (800)  
10 accounts may be established in the state each state fiscal year  
11 beginning before July 1, 2009.

12 (b) Not more than one thousand (1,000) accounts may be  
13 established in the state each state fiscal year beginning after June 30,  
14 2009.

15 (c) ~~A community development corporation~~ **An eligible**  
16 **organization** shall use money that is in an individual development  
17 account fund established under section 13 of this chapter to allow a  
18 qualified individual on a waiting list maintained by the ~~community~~  
19 ~~development corporation~~ **eligible organization** to establish an account.

20 SECTION 9. IC 4-4-28-11, AS AMENDED BY P.L.1-2007,  
21 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22 JULY 1, 2024]: Sec. 11. (a) Each ~~community development corporation~~  
23 **eligible organization** shall annually provide the authority with  
24 information needed to determine:

- 25 (1) the number of accounts administered by the ~~community~~  
26 ~~development corporation;~~ **eligible organization;**  
27 (2) the length of time each account under subdivision (1) has been  
28 established; and  
29 (3) the amount of money an individual has deposited into each  
30 account under subdivision (1). ~~during the preceding twelve (12)~~  
31 ~~months.~~

32 (b) The authority shall use the information provided under  
33 subsection (a) to deposit the correct amount of money into each  
34 account as provided in section 12 of this chapter.

35 SECTION 10. IC 4-4-28-12, AS AMENDED BY P.L.50-2016,  
36 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JULY 1, 2024]: Sec. 12. (a) The authority shall allocate, for each  
38 account that has been established, for not more than five (5) years,  
39 three dollars (\$3) for each one dollar (\$1) of the first ~~four one~~  
40 **thousand five** hundred dollars (~~\$400~~) (**\$1,500**) an individual deposited  
41 into the individual's account. ~~during the preceding twelve (12) months.~~  
42 However, if the amount appropriated by the general assembly is



1 insufficient to make the deposits required by this section for accounts  
 2 that have been established, the authority shall proportionately reduce  
 3 the amounts allocated to and deposited into each account. ~~The authority~~  
 4 ~~may allocate three dollars (\$3) for each one dollar (\$1) of any part of~~  
 5 ~~an amount above four hundred dollars (\$400) an individual deposited~~  
 6 ~~into the individual's account during the preceding twelve (12) months.~~  
 7 However, The authority's allocation under this subsection may not  
 8 exceed ~~two~~ **four** thousand ~~four~~ **five** hundred dollars (~~\$2,400~~) (**\$4,500**)  
 9 for each account described in this subsection.

10 (b) The authority shall deposit into each account established under  
 11 this chapter the appropriate amount of money determined under this  
 12 section.

13 (c) Money from a federal block grant program under Title IV-A of  
 14 the federal Social Security Act may be used by the state to provide  
 15 money under this section for deposit into an account held by an  
 16 individual who receives assistance under IC 12-14-2.

17 SECTION 11. IC 4-4-28-13, AS AMENDED BY P.L.50-2016,  
 18 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2024]: Sec. 13. (a) Each ~~community development corporation~~  
 20 **eligible organization** may apply to the authority for an allocation of  
 21 tax credits under IC 6-3.1-18 for the contributors to a fund established  
 22 under this section. ~~A community development corporation~~ **An eligible**  
 23 **organization** may establish an individual development account fund  
 24 to provide money to be used to finance additional accounts to be  
 25 administered by the ~~community development corporation~~ **eligible**  
 26 **organization** under this chapter and to help pay for the ~~community~~  
 27 ~~development corporation's~~ **eligible organization's** expenses related to  
 28 the administration of accounts.

29 (b) Each ~~community development corporation~~ **eligible organization**  
 30 shall encourage individuals, financial institutions, corporations, and  
 31 other entities to contribute to the fund. A contributor to the fund may  
 32 qualify for a tax credit as provided under IC 6-3.1-18.

33 (c) Each ~~community development corporation~~ **eligible organization**  
 34 may use up to twenty percent (20%) of the first one hundred thousand  
 35 dollars (\$100,000) deposited each calendar year in the fund under  
 36 subsection (b) to help pay for the ~~community development~~  
 37 ~~corporation's~~ **eligible organization's** expenses related to the  
 38 administration of accounts established under this chapter. All deposits  
 39 in the fund under subsection (b) of more than one hundred thousand  
 40 dollars (\$100,000) during each calendar year may be used only to fund  
 41 accounts administered by the ~~community development corporation~~  
 42 **eligible organization** under this chapter.



1 (d) ~~A community development corporation~~ **An eligible**  
 2 **organization** may allow an individual to establish a new account as  
 3 adequate funding becomes available.

4 (e) Only money from the fund may be used to make the deposit  
 5 described in subsection (f) into an account established under this  
 6 section.

7 (f) ~~The community development corporation~~ **eligible organization**  
 8 shall annually deposit at least three dollars (\$3) into each account for  
 9 each one dollar (\$1) an individual has deposited into the individual's  
 10 account as of June 30.

11 (g) ~~A community development corporation~~ **An eligible**  
 12 **organization** may not allow a qualifying individual to establish an  
 13 account if the ~~community development corporation~~ **eligible**  
 14 **organization** does not have adequate funds to deposit into the account  
 15 under subsection (f).

16 SECTION 12. IC 4-4-28-15, AS AMENDED BY P.L.1-2007,  
 17 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 2024]: Sec. 15. (a) An individual must request and receive  
 19 authorization from the ~~community development corporation~~ **eligible**  
 20 **organization** that administers the individual's account before  
 21 withdrawing money from the account for any purpose.

22 (b) An individual who is denied authorization to withdraw money  
 23 under subsection (a) may appeal the ~~community development~~  
 24 ~~corporation's~~ **eligible organization's** decision to the authority under  
 25 rules adopted by the authority under IC 4-22-2.

26 SECTION 13. IC 4-4-28-16, AS AMENDED BY P.L.50-2016,  
 27 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28 JULY 1, 2024]: Sec. 16. (a) Money withdrawn from an individual's  
 29 account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the  
 30 money is used for at least one (1) of the following:

31 (1) To pay for costs (including tuition, laboratory costs, books,  
 32 computer costs, and other costs) at an accredited postsecondary  
 33 educational institution or a vocational school that is not a  
 34 postsecondary educational institution for the individual or for a  
 35 dependent of the individual.

36 (2) To pay for the costs (including tuition, laboratory costs, books,  
 37 computer costs, and other costs) associated with an accredited or  
 38 a licensed training program that may lead to employment for the  
 39 individual or for a dependent of the individual.

40 (3) To purchase a primary residence located in Indiana for the  
 41 individual or for a dependent of the individual or to reduce the  
 42 principal amount owed on a primary residence located in Indiana



1 that was purchased by the individual or a dependent of the  
2 individual with money from an individual development account.

3 (4) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of  
4 the individual's primary residence located in Indiana.

5 (5) To begin or to purchase part or all of a business based in  
6 Indiana or to expand an existing small business based in Indiana.

7 (6) Subject to section 8(b) of this chapter, to purchase a motor  
8 vehicle.

9 (b) At the time of requesting authorization under section 15 of this  
10 chapter to withdraw money from an individual's account under  
11 subsection (a)(5), the individual must provide the ~~community  
12 development corporation~~ **eligible organization** with a business plan  
13 that:

14 (1) has been approved by a financial institution or is approved by  
15 the ~~community development corporation;~~ **eligible organization;**

16 (2) includes a description of services or goods to be sold, a  
17 marketing plan, and projected financial statements; and

18 (3) may require the individual to obtain the assistance of an  
19 experienced business advisor.

20 SECTION 14. IC 4-4-28-18, AS AMENDED BY P.L.1-2007,  
21 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
22 JULY 1, 2024]: Sec. 18. (a) Each ~~community development corporation~~  
23 **eligible organization** shall annually:

24 (1) evaluate the individual development accounts administered by  
25 the ~~community development corporation;~~ **eligible organization;**  
26 and

27 (2) submit a report containing the evaluation information to the  
28 authority.

29 (b) Two (2) or more ~~community development corporations~~ **eligible**  
30 **organizations** may work together in carrying out the purposes of this  
31 chapter.

32 SECTION 15. IC 6-3.1-9-1, AS AMENDED BY P.L.166-2014,  
33 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 JULY 1, 2024]: Sec. 1. (a) As used in this chapter, "authority" means  
35 the Indiana housing and community development authority established  
36 by IC 5-20-1-3.

37 (b) As used in this chapter, "business firm" means any business  
38 entity authorized to do business in the state of Indiana that has state tax  
39 liability.

40 (c) As used in this chapter, "community services" means any type  
41 of:

42 (1) counseling and advice;





- 1 (2) emergency assistance;  
 2 (3) medical care;  
 3 (4) recreational facilities;  
 4 (5) housing facilities; or  
 5 (6) economic development assistance;  
 6 provided to individuals, economically disadvantaged households,  
 7 groups, or neighborhood organizations in an economically  
 8 disadvantaged area or provided to individuals who are ex-offenders  
 9 who have completed the individuals' criminal sentences or are serving  
 10 a term of probation or parole.
- 11 (d) As used in this chapter, "crime prevention" means any activity  
 12 which aids in the reduction of crime in an economically disadvantaged  
 13 area or an economically disadvantaged household.
- 14 (e) As used in this chapter, "economically disadvantaged area"  
 15 means an enterprise zone, or any other federally or locally designated  
 16 economically disadvantaged area in Indiana. The certification shall be  
 17 made on the basis of current indices of social and economic conditions,  
 18 which shall include but not be limited to the median per capita income  
 19 of the area in relation to the median per capita income of the state or  
 20 standard metropolitan statistical area in which the area is located.
- 21 (f) As used in this chapter, "economically disadvantaged household"  
 22 means a household with an annual income that is at or below eighty  
 23 percent (80%) of the area median income or any other federally  
 24 designated target population.
- 25 (g) As used in this chapter, "education" means any type of scholastic  
 26 instruction or scholarship assistance to an individual who:  
 27 (1) resides in an economically disadvantaged area; or  
 28 (2) is an ex-offender who has completed the individual's criminal  
 29 sentence or is serving a term of probation or parole;  
 30 that enables the individual to prepare for better life opportunities.
- 31 (h) As used in this chapter, "enterprise zone" means an enterprise  
 32 zone created under IC 5-28-15.
- 33 (i) As used in this chapter, "job training" means any type of  
 34 instruction to an individual who:  
 35 (1) resides in:  
 36 (A) an economically disadvantaged area; or  
 37 (B) an economically disadvantaged household; or  
 38 (2) is an ex-offender who has completed the individual's criminal  
 39 sentence or is serving a term of probation or parole;  
 40 that enables the individual to acquire vocational skills so that the  
 41 individual can become employable or be able to seek a higher grade of  
 42 employment.



- 1 (j) As used in this chapter, "neighborhood assistance" means either:  
 2 (1) furnishing financial assistance, labor, material, and technical  
 3 advice to aid in the physical or economic improvement of any part  
 4 or all of an economically disadvantaged area; or  
 5 (2) furnishing technical advice to promote higher employment in  
 6 any neighborhood in Indiana.
- 7 (k) As used in this chapter, "neighborhood organization" means any  
 8 organization, including but not limited to a nonprofit development  
 9 corporation doing both of the following:  
 10 (1) Performing community services:  
 11 (A) in an economically disadvantaged area;  
 12 (B) for an economically disadvantaged household; or  
 13 (C) for individuals who are ex-offenders who have completed  
 14 the individuals' criminal sentences or are serving a term of  
 15 probation or parole.  
 16 (2) Holding a ruling:  
 17 (A) from the Internal Revenue Service of the United States  
 18 Department of the Treasury that the organization is exempt  
 19 from income taxation under the provisions of the Internal  
 20 Revenue Code; and  
 21 (B) from the department of state revenue that the organization  
 22 is exempt from income taxation under IC 6-2.5-5-21.
- 23 (l) As used in this chapter, "person" means any individual subject  
 24 to Indiana ~~gross or~~ adjusted gross income tax.
- 25 (m) As used in this chapter, "state fiscal year" means a twelve (12)  
 26 month period beginning on July 1 and ending on June 30.
- 27 (n) As used in this chapter, "state tax liability" means the taxpayer's  
 28 total tax liability that is incurred under:  
 29 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); and  
 30 (2) IC 6-5.5 (the financial institutions tax);  
 31 as computed after the application of the credits that, under  
 32 IC 6-3.1-1-2, are to be applied before the credit provided by this  
 33 chapter.
- 34 (o) As used in this chapter, "tax credit" means a deduction from any  
 35 tax otherwise due and payable under IC 6-3 or IC 6-5.5.
- 36 SECTION 16. IC 6-3.1-9-2, AS AMENDED BY P.L.166-2014,  
 37 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 JULY 1, 2024]: Sec. 2. (a) **Each state fiscal year**, a **business firm** or  
 39 **a person who contributes to** a neighborhood organization that engages  
 40 in the activities of providing:  
 41 (1) neighborhood assistance, job training, or education for  
 42 individuals not employed by the business firm or person;



1 (2) community services or crime prevention in an economically  
2 disadvantaged area; or

3 (3) community services, education, or job training services to  
4 individuals who are ex-offenders who have completed the  
5 individuals' criminal sentences or are serving a term of probation  
6 or parole;

7 shall receive a tax credit as provided in section 3 of this chapter if the  
8 authority approves the proposal of the business firm or person; setting  
9 forth the program to be conducted; the area selected; the estimated  
10 amount to be invested in the program; and the plans for implementing  
11 the program. **may apply to the authority for an allocation of state  
12 tax credits available under this chapter to be used to provide a tax  
13 credit to a business firm or person that contributes to a program  
14 involving one (1) or more of the activities described in subdivisions  
15 (1) through (3).**

16 (b) The authority, after consultation with ~~the community services~~  
17 ~~agency~~ and the commissioner of revenue, may adopt rules for the  
18 approval or disapproval of these ~~proposals~~. **applications.**

19 (c) **A business firm or a person that contributes to the fund of a  
20 neighborhood organization that has been approved by the  
21 authority for an allocation of tax credits as described in subsection  
22 (a) shall receive a tax credit as provided in section 3 of this chapter  
23 if the neighborhood organization has agreed to issue a portion of  
24 the tax credits allocated to the neighborhood organization by the  
25 authority to the business firm or person.**

26 SECTION 17. IC 6-3.1-9-3 IS AMENDED TO READ AS  
27 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 3. (a) Subject to the  
28 limitations provided in subsection (b) and sections 4, 5, and 6 of this  
29 chapter, the department shall grant a tax credit against any state tax  
30 liability due equal to fifty percent (50%) of the amount ~~invested~~  
31 **contributed** by a business firm or person in a program the ~~proposal~~  
32 **application** for which was approved under section 2 of this chapter.

33 (b) The credit provided by this chapter shall only be applied against  
34 any state tax liability owed by the taxpayer after the application of any  
35 credits, which under IC 6-3.1-1-2 must be applied before the credit  
36 provided by this chapter. In addition, the tax credit which a taxpayer  
37 receives under this chapter may not exceed twenty-five thousand  
38 dollars (\$25,000) for any taxable year of the taxpayer.

39 (c) If a business firm that is:

40 (1) exempt from adjusted gross income tax (IC 6-3-1 through  
41 IC 6-3-7) under IC 6-3-2-2.8(2); or

42 (2) a partnership;



1 does not have any tax liability against which the credit provided by this  
 2 section may be applied, a shareholder or a partner of the business firm  
 3 is entitled to a credit against the shareholder's or the partner's liability  
 4 under the adjusted gross income tax.

5 (d) The amount of the credit provided by this section is equal to:

6 (1) the tax credit determined for the business firm for the taxable  
 7 year under subsection (a); multiplied by

8 (2) the percentage of the business firm's distributive income to  
 9 which the shareholder or the partner is entitled.

10 The credit provided by this section is in addition to any credit to which  
 11 a shareholder or partner is otherwise entitled under this chapter.  
 12 However, a business firm and a shareholder or partner of that business  
 13 firm may not claim a credit under this chapter for the same ~~investment~~  
 14 **contribution.**

15 SECTION 18. IC 6-3.1-9-4, AS AMENDED BY P.L.1-2007,  
 16 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2024]: Sec. 4. (a) **The neighborhood organization, on**  
 18 **behalf of** any business firm or person which desires to claim a tax  
 19 credit as provided in this chapter, shall file with the ~~department~~  
 20 **authority**, in the form that the ~~department authority~~ may prescribe, an  
 21 ~~application documentation~~ stating the amount of the contribution ~~or~~  
 22 ~~investment which it proposes to make which that~~ would qualify for a  
 23 tax credit, and the amount ~~sought allocated to the business firm or~~  
 24 **person** to be claimed as a credit. ~~The application shall include a~~  
 25 ~~certificate evidencing approval of the contribution or program by the~~  
 26 ~~authority.~~

27 (b) The authority shall give priority in issuing ~~certificates tax~~  
 28 **credits** to ~~applicants~~ **neighborhood organizations** whose  
 29 ~~contributions or~~ programs directly benefit enterprise zones.

30 (c) The department shall promptly notify ~~an applicant a business~~  
 31 **firm or person** whether, or the extent to which, the tax credit is  
 32 allowable in the state fiscal year in which the ~~application tax return~~  
 33 **claiming the credit** is filed, as provided in section 5 of this chapter. ~~If~~  
 34 ~~the credit is allowable in that state fiscal year, the applicant shall within~~  
 35 ~~thirty (30) days after receipt of the notice file with the department of~~  
 36 ~~state revenue a statement, in the form and accompanied by the proof of~~  
 37 ~~payment as the department may prescribe, setting forth that the amount~~  
 38 ~~to be claimed as a credit under this chapter has been paid to an~~  
 39 ~~organization for an approved program or purpose, or permanently set~~  
 40 ~~aside in a special account to be used solely for an approved program or~~  
 41 ~~purpose.~~

42 (d) The department may disallow any credit claimed under this



1 chapter for which the statement or proof of payment is not filed within  
 2 the thirty (30) day period. **shall consider documentation from the**  
 3 **authority as proof of payment, setting forth that the amount to be**  
 4 **claimed as a credit under this chapter has been paid to an**  
 5 **organization for an approved program or purpose, or permanently**  
 6 **set aside in a special account to be used solely for an approved**  
 7 **program or purpose.**

8 SECTION 19. IC 6-3.1-9-5 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 5. (a) The amount of  
 10 tax credits allowed under this chapter may not exceed two million five  
 11 hundred thousand dollars (\$2,500,000) in the state fiscal year  
 12 beginning July 1, 1997, and ending June 30, 1998, and each state fiscal  
 13 year thereafter.

14 (b) The department shall record the time of filing of each  
 15 application for allowance of a credit ~~required tax return claiming the~~  
 16 **credit** under section 4 of this chapter and shall approve the  
 17 applications; ~~credit if they the business firm or person~~ otherwise  
 18 ~~qualify~~ **qualifies** for a tax credit under this chapter, in the chronological  
 19 order in which the applications are ~~tax return claiming the credit is~~  
 20 filed in the state fiscal year.

21 (c) When the total credits approved under this section equal the  
 22 maximum amount allowable in any state fiscal year, no ~~application~~  
 23 **credits** thereafter filed for that same fiscal year shall be approved.  
 24 However, if any applicant for whom a credit has been approved fails to  
 25 file the statement of proof of payment required under section 4 of this  
 26 chapter, an amount equal to the credit previously allowed or set aside  
 27 for the applicant may be allowed to any subsequent applicant in the  
 28 year. In addition, the department may, if the applicant so requests,  
 29 approve a credit application, in whole or in part, with respect to the  
 30 next succeeding state fiscal year.

31 SECTION 20. IC 6-3.1-18-0.3 IS ADDED TO THE INDIANA  
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 33 [EFFECTIVE JULY 1, 2024]: **Sec. 0.3. As used in this chapter,**  
 34 **"authority" means the Indiana housing and community**  
 35 **development authority established by IC 5-20-1-3.**

36 SECTION 21. IC 6-3.1-18-0.5 IS ADDED TO THE INDIANA  
 37 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 38 [EFFECTIVE JULY 1, 2024]: **Sec. 0.5. As used in this chapter,**  
 39 **"business firm" means any business entity authorized to do**  
 40 **business in the state of Indiana that has state tax liability.**

41 SECTION 22. IC 6-3.1-18-1 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 1. As used in this



1 chapter, "~~community development corporation~~" "**eligible**  
2 **organization**" has the meaning set forth in ~~IC 4-4-28-2~~: **IC 4-4-28-2.5**.

3 SECTION 23. IC 6-3.1-18-2 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 2. As used in this  
5 chapter, "fund" refers to an individual development account fund  
6 established by a ~~community development corporation~~ **an eligible**  
7 **organization** under IC 4-4-28-13.

8 SECTION 24. IC 6-3.1-18-4.3 IS ADDED TO THE INDIANA  
9 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
10 [EFFECTIVE JULY 1, 2024]: **Sec. 4.3. As used in this chapter,**  
11 **"person" means any individual subject to Indiana adjusted gross**  
12 **income tax.**

13 SECTION 25. IC 6-3.1-18-4.5, AS ADDED BY P.L.50-2016,  
14 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2024]: Sec. 4.5. As used in this chapter, "qualified  
16 contribution" means a contribution to a fund for which a ~~community~~  
17 ~~development corporation~~ **an eligible organization** has received an  
18 allocation of tax credits under IC 4-4-28-13.

19 SECTION 26. IC 6-3.1-18-6, AS AMENDED BY P.L.50-2016,  
20 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
21 JULY 1, 2024]: Sec. 6. (a) Subject to the limitations provided in  
22 subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the  
23 department shall grant a tax credit against any state tax liability due  
24 equal to fifty percent (50%) of the amount of a qualified contribution  
25 made in a taxable year by a **business firm or person or an individual**  
26 if the qualified contribution is not less than one hundred dollars (\$100)  
27 and not more than fifty thousand dollars (\$50,000).

28 (b) The credit provided by this chapter shall only be applied against  
29 any state tax liability owed by the taxpayer after the application of any  
30 credits that under IC 6-3.1-1-2 must be applied before the credit  
31 provided by this chapter.

32 SECTION 27. IC 6-3.1-18-9, AS AMENDED BY P.L.50-2016,  
33 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
34 JULY 1, 2024]: Sec. 9. (a) **The eligible organization, on behalf of a**  
35 **business firm or person** that ~~or an individual who~~ desires to claim a  
36 tax credit as provided in this chapter, shall file with the ~~department,~~  
37 **authority**, in the form approved by the ~~department,~~ **authority**, an  
38 **application documentation** stating the amount of the qualified  
39 contribution that ~~the person or individual proposes to make would~~  
40 **qualify for a tax credit**, and the amount ~~sought allocated to the~~  
41 **business firm or person** to be claimed as a credit.

42 (b) The department shall promptly notify ~~an applicant~~ **a business**



1 **firm or person** whether, or the extent to which, the tax credit is  
 2 allowable in the state fiscal year in which the ~~application tax return~~  
 3 **claiming the credit** is filed, as provided in section 6 of this chapter. If  
 4 ~~the credit is allowable in that state fiscal year, the applicant shall within~~  
 5 ~~thirty (30) days after receipt of the notice file with the department a~~  
 6 ~~statement, in the form and accompanied by the proof of payment of the~~  
 7 ~~qualified contribution as the department may prescribe; setting forth~~  
 8 ~~that the amount to be claimed as a credit under this chapter has been~~  
 9 ~~paid through a qualified contribution as provided in section 6 of this~~  
 10 ~~chapter.~~

11 (c) The department ~~may disallow any credit claimed under this~~  
 12 ~~chapter for which the statement or proof of payment is not filed within~~  
 13 ~~the thirty (30) day period. shall consider documentation from the~~  
 14 ~~authority as proof of payment, setting forth that the amount to be~~  
 15 ~~claimed as a credit under this chapter has been paid to an eligible~~  
 16 ~~organization as a qualified contribution to that eligible~~  
 17 ~~organization's fund for the current state fiscal year, or~~  
 18 ~~permanently set aside in a special account to be used solely for this~~  
 19 ~~fund.~~

20 SECTION 28. IC 6-3.1-18-10 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 10. (a) The amount of  
 22 tax credits allowed under this chapter may not exceed two hundred  
 23 thousand dollars (\$200,000) in any state fiscal year.

24 (b) The department shall:

- 25 (1) record the time of filing of each ~~application for allowance of~~  
 26 ~~a tax return claiming the credit required~~ under section 9 of this  
 27 chapter; and  
 28 (2) approve the ~~applications; credit, if they the business firm or~~  
 29 ~~person claiming the credit otherwise qualify qualifies~~ for a tax  
 30 credit under this chapter, in the chronological order in which the  
 31 ~~applications are tax return claiming the credit is~~ filed in the  
 32 state fiscal year.

33 (c) When the total credits approved under this section equal the  
 34 maximum amount allowable in any state fiscal year, ~~an application~~  
 35 ~~filed after that time for the no credits thereafter filed for that~~ same  
 36 fiscal year ~~may not shall~~ be approved. However, if an applicant for  
 37 whom a credit has been approved fails to file the statement of proof of  
 38 payment required under section 9 of this chapter, an amount equal to  
 39 the credit previously allowed or set aside for the applicant may be  
 40 allowed to any subsequent applicant in the year. In addition, the  
 41 department may, if the applicant so requests, approve a credit  
 42 application, in whole or in part, with respect to the next succeeding



1 state fiscal year:

