

SENATE BILL No. 401

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-5; IC 6-3.1-24.

Synopsis: Business matters. Establishes the young entrepreneurs program within the business division of the secretary of state. Allows the secretary of state to adopt rules to carry out the young entrepreneurs program. Expands the meaning of "qualified Indiana investment fund" to include certain additional types of funds. Provides that the Indiana economic development corporation (corporation) may certify a fund only if the fund invests based on certain policy criteria. Provides a maximum tax credit for qualified investment funds dedicated to supporting underserved businesses. Specifies conditions under which the corporation may use discretionary funds to make additional awards of credit after it has awarded the maximum amount of credits for a particular calendar year.

Effective: July 1, 2022; January 1, 2023.

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January 12, 2022, read first time and referred to Committee on Commerce and Technology.



Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

SENATE BILL No. 401

A BILL FOR AN ACT to amend the Indiana Code concerning business and other associations.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-5-1-14 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2022]: **Sec. 14. The secretary may adopt and enforce rules under**
4 **IC 4-22-2 that are necessary to carry out IC 4-5-11 concerning the**
5 **young entrepreneurs program.**

6 SECTION 2. IC 4-5-11 IS ADDED TO THE INDIANA CODE AS
7 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 2022]:

9 **Chapter 11. Young Entrepreneurs Program**
10 **Sec. 1. The young entrepreneurs program is established within**
11 **the business division of the office of the secretary of state.**

12 SECTION 3. IC 6-3.1-24-2.5, AS ADDED BY P.L.165-2021,
13 SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JANUARY 1, 2023]: Sec. 2.5. As used in this chapter, "qualified
15 Indiana investment fund" means any ~~private~~ fund that:

16 (1) meets the definition of a venture capital fund in 17 CFR
17 275.203(l)-1;



1 **(2) is managed by or associated with an organization**
 2 **described in 26 U.S.C. 501(c)(3) that is dedicated to**
 3 **supporting underserved businesses; or**

4 **(3) is not an entity described in subdivision (1) or (2) but is an**
 5 **entity that uses proceeds from investors or contributors to**
 6 **provide financial support or business services to small**
 7 **businesses;**

8 and that is certified by the Indiana economic development corporation
 9 as provided in section 7.5 of this chapter.

10 SECTION 4. IC 6-3.1-24-5.5 IS ADDED TO THE INDIANA
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS
 12 [EFFECTIVE JANUARY 1, 2023]: **Sec. 5.5. As used in this chapter,**
 13 **"underserved business" includes a small business owned by a**
 14 **young entrepreneur.**

15 SECTION 5. IC 6-3.1-24-7.5, AS ADDED BY P.L.165-2021,
 16 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2023]: Sec. 7.5. (a) The Indiana economic development
 18 corporation may certify that an investment fund is a qualified Indiana
 19 investment fund if the corporation determines that the fund meets the
 20 definition in section 2.5 of this chapter and the requirements in
 21 subsection (b).

22 (b) The Indiana economic development corporation may only certify
 23 a fund as a qualified Indiana investment fund if the fund makes
 24 investments according to a policy that:

25 (1) requires **the majority of the fund's** eligible companies to:

26 **(A) be primarily focused on the commercialization of research**
 27 **and development, technology transfer, or application of new**
 28 **technology; maintain a substantial presence in Indiana; and**

29 **(B) serve customers beyond the company's locality or be**
 30 **seeking investment capital or business services to be able**
 31 **to serve customers beyond the company's locality; and**

32 (2) prioritizes investments in companies that:

33 **(A) are focused on the commercialization of research and**
 34 **development, technology transfer, or application of new**
 35 **technology;**

36 **(B) have received a grant, loan, or other investment funds**
 37 **provided by the Indiana twenty-first century research and**
 38 **technology fund established by IC 5-28-16-2; or**

39 ~~**(B) maintain a substantial presence in Indiana.**~~

40 **(C) are founded by an underserved business.**

41 (c) An investment fund must apply to be certified as a qualified
 42 Indiana investment fund on a form prescribed by the Indiana economic



1 development corporation.

2 (d) If an investment fund is certified as a qualified Indiana
3 investment fund under this section, the Indiana economic development
4 corporation shall provide a copy of the certification to the investors in
5 the qualified Indiana investment fund for inclusion in tax filings.

6 SECTION 6. IC 6-3.1-24-8.5, AS ADDED BY P.L.165-2021,
7 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JANUARY 1, 2023]: Sec. 8.5. (a) A certification provided under
9 section 7.5 of this chapter must include notice to investors of the
10 maximum amount of tax credits available under this chapter for the
11 provision of qualified investment capital to the qualified Indiana
12 investment fund.

13 (b) The maximum amount of tax credits available under this chapter
14 for the provision of qualified investment capital to a qualified Indiana
15 investment fund equals the lesser of the following:

16 (1) The total amount of qualified investment capital provided to
17 the qualified Indiana investment fund in the calendar year,
18 multiplied by:

19 **(A) ten percent (10%) for contributions to organizations**
20 **described in section 2.5(2) of this chapter that deposit those**
21 **contributions into a qualified investment fund; or**

22 **(B) twenty percent (20%) for investments to a fund or entity**
23 **described in section 2.5(1) and 2.5(3) of this chapter that**
24 **deposit those contributions into a qualified investment**
25 **fund.**

26 (2) Five million dollars (\$5,000,000).

27 SECTION 7. IC 6-3.1-24-15, AS ADDED BY P.L.165-2021,
28 SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2023]: Sec. 15. (a) Before January 1, 2022, the total
30 amount of credits that may be awarded by the Indiana economic
31 development corporation under this chapter for investment plans
32 certified as provided in section 12.5 of this chapter that propose
33 investing qualified investment capital in a particular qualified Indiana
34 business during a particular calendar year is twelve million five
35 hundred thousand dollars (\$12,500,000).

36 (b) **Except as permitted by subsection (c)**, after December 31,
37 2021, the total amount of credits that may be awarded by the Indiana
38 economic development corporation under this chapter for investment
39 plans certified as provided in section 12.5 of this chapter that propose
40 investing qualified investment capital in a particular qualified Indiana
41 business or qualified Indiana investment fund during a particular
42 calendar year is twenty million dollars (\$20,000,000), provided that not



1 more than seven million five hundred thousand dollars (\$7,500,000)
2 may be awarded for proposed investments of qualified investment
3 capital in a qualified Indiana investment fund.

4 **(c) This subsection applies if the Indiana economic development**
5 **corporation awards more than twenty million dollars (\$20,000,000)**
6 **in credits during a particular calendar year. If the Indiana**
7 **economic development corporation is able to offset amounts**
8 **awarded in credits from its discretionary funds, the Indiana**
9 **economic development corporation shall transfer the amount of the**
10 **offset to the treasurer of state for deposit into the state general**
11 **fund before the end of the calendar year.**

12 SECTION 8. [EFFECTIVE JANUARY 1, 2023] **(a) IC 6-3.1-24, as**
13 **amended by this act, applies to taxable years beginning after**
14 **December 31, 2022.**

15 **(b) This SECTION expires January 1, 2027.**

