

SENATE BILL No. 420

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-35; IC 20-47-6.

Synopsis: Tax credit for workforce education contributions. Provides an income tax credit for contributions made to a 501(c)(3) tax exempt organization that is certified by the department of education and the department of workforce development as an Industry Credentialing Organization (ICO). Provides that the amount of the credit equals 50% of the amount of the contribution made to the ICO. Allows a taxpayer to carry forward any unused credit amounts for nine taxable years following the unused credit year. Provides that the total amount of tax credits awarded in a state fiscal year may not exceed \$14,000,000. Provides that an organization qualifies as an ICO if the organization: (1) is a tax exempt organization; (2) conducts activities to enhance career and technical education opportunities for students attending a school within the community and aligns those opportunities with local economic and labor needs within the community; (3) is governed by a board of directors that consists of members: (A) who are representatives of businesses from at least a majority of the economic growth regions of the department of workforce development; and (B) that conduct the same line of business or trade, or are in the same industry or profession, in Indiana; and (4) enters into an agreement with the department of education and the department of workforce development. Provides that contributions to an ICO may be used by the ICO for the following purposes: (1) To provide financial support in the form of grants to pay the qualifying educational expenses for students to attend an eligible training program that allows the student to concurrently earn high school or college credit. (2) To provide grants to schools to be used by the school to pay the transportation costs for
(Continued next page)

Effective: January 1, 2020.

Raatz

January 14, 2019, read first time and referred to Committee on Education and Career Development.



Digest Continued

students to attend an eligible training program that allows the student to concurrently earn high school or college credit. (3) To provide grants to schools to be used by the school to supplement funding for the school's: (A) career counseling of students; (B) work ethic certificate program; (C) apprenticeship programs that are established as a graduation pathway requirement; (D) work based learning courses delivered in an employment relationship that provides a worker with paid work experience and corresponding classroom instruction and that is established as a graduation pathway requirement; or (E) other course or program of an eligible training provider, if the course or program of the eligible training provider leads to the attainment of a specific employment related credential. (4) To provide money to the industry credentialing organization to establish and operate a career counseling program. Requires a school that receives grant money from an ICO to annually report to the department of education the use of the grant money by the school and metrics of student achievement and demographics. Requires an ICO to conduct an employment survey of students that participated in a course or program that received funding from the ICO for five consecutive years after the student graduates or leaves school.



Introduced

First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 420

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 6-3.1-35 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2020]:

4 **Chapter 35. Industry Credentialing Organization Tax Credit**
5 **Sec. 1. As used in this chapter, "industry credentialing**
6 **organization" refers to an organization that is certified by the**
7 **department of education and the department of workforce**
8 **development as an industry credentialing organization under**
9 **IC 20-47-6.**

10 **Sec. 2. As used in this chapter, "career enhancement purposes"**
11 **refers to the purposes set forth in IC 20-47-6-10 for which an**
12 **industry credentialing organization may use contributions made to**
13 **the industry credentialing organization.**

14 **Sec. 3. As used in this chapter, "credit" refers to a credit**
15 **granted under this chapter.**



1 **Sec. 4.** As used in this chapter, "pass through entity" has the
2 meaning set forth in IC 6-3-1-35.

3 **Sec. 5.** As used in this chapter, "state tax liability" means a
4 taxpayer's total tax liability that is incurred under:

- 5 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
6 (2) IC 6-5.5 (the financial institutions tax); and
7 (3) IC 27-1-18-2 (the insurance premiums tax);

8 as computed after the application of the credits that under
9 IC 6-3.1-1-2 are to be applied before the credit provided by this
10 chapter.

11 **Sec. 6.** As used in this chapter, "taxpayer" means an individual
12 or entity that has any state tax liability.

13 **Sec. 7. (a)** A taxpayer that makes a contribution to an industry
14 credentialing organization for use by the industry credentialing
15 organization for career enhancement purposes is entitled to a
16 credit against the taxpayer's state tax liability in the taxable year
17 in which the taxpayer makes the contribution.

18 **(b)** A taxpayer is not entitled to a credit under this chapter for
19 a contribution to an industry credentialing organization that is
20 used to provide a grant or other assistance to a child participating
21 in the early education grant pilot program under IC 12-17.2-7.2.

22 **Sec. 8.** The amount of a taxpayer's credit is equal to fifty percent
23 (50%) of the amount of the contribution made to the industry
24 credentialing organization for career enhancement purposes.

25 **Sec. 9.** If a pass through entity is entitled to a credit under
26 section 7 of this chapter but does not have state tax liability against
27 which the tax credit may be applied, a shareholder, partner, or
28 member of the pass through entity is entitled to a tax credit equal
29 to:

- 30 (1) the tax credit determined for the pass through entity for
31 the taxable year; multiplied by
32 (2) the percentage of the pass through entity's distributive
33 income to which the shareholder, partner, or member is
34 entitled.

35 **Sec. 10.** To apply a credit against the taxpayer's state tax
36 liability, a taxpayer must claim the credit on the taxpayer's annual
37 state tax return or returns in the manner prescribed by the
38 department. The taxpayer shall submit to the department the
39 information that the department determines is necessary for the
40 department to determine whether the taxpayer is eligible for the
41 credit.

42 **Sec. 11.** A contribution to an industry credentialing organization



1 shall be treated as having been made for use for career
2 enhancement purposes if:

3 (1) the contribution is made directly to an industry
4 credentialing organization; and

5 (2) either:

6 (A) not later than the date of the contribution, the taxpayer
7 designates in writing to the industry credentialing
8 organization that the contribution is to be used only for
9 career enhancement purposes; or

10 (B) the industry credentialing organization provides the
11 taxpayer with written confirmation that the contribution
12 will be dedicated solely for use for career enhancement
13 purposes.

14 Sec. 12. (a) The credit provided by this chapter may be carried
15 forward and applied to succeeding taxable years for nine (9)
16 taxable years following the unused credit year.

17 (b) A taxpayer is not entitled to any carryback or refund of any
18 unused credit.

19 Sec. 13. The total amount of tax credits awarded under this
20 chapter in a state fiscal year may not exceed fourteen million
21 dollars (\$14,000,000).

22 Sec. 14. The department, on an Internet web site used by the
23 department to provide information to the public, shall provide the
24 following information:

25 (1) The application for the credit provided in this chapter.

26 (2) A timeline for receiving the credit provided in this chapter.

27 (3) The total amount of credits awarded under this chapter
28 during the current state fiscal year.

29 Sec. 15. The department shall adopt rules under IC 4-22-2 to
30 implement this chapter.

31 SECTION 2. IC 20-47-6 IS ADDED TO THE INDIANA CODE AS
32 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
33 JANUARY 1, 2020]:

34 **Chapter 6. Industry Credentialing Organization; Certification;
35 Administration of Contributions**

36 Sec. 1. As used in this chapter, "contribution" means a
37 contribution to an industry credentialing organization made for
38 the purposes set forth in section 10 of this chapter.

39 Sec. 2. As used in this chapter, "eligible training program"
40 means a training program that leads to the attainment of any of the
41 following:

42 (1) An industry certification that appears on the state board's



1 industry certification list that is approved by the department
2 of workforce development.

3 (2) A postsecondary degree, certificate, or credential that:

4 (A) is from a training provider; and

5 (B) certifies occupational proficiency in a skilled trade.

6 (3) A certificate of completion of an apprenticeship program
7 (as defined in IC 20-43-8-0.3) that is established as a
8 graduation pathway requirement under IC 20-32-4-1.5.

9 Sec. 3. As used in this chapter, "qualifying educational
10 expenses" means:

11 (1) tuition and fees required to attend an eligible training
12 program; and

13 (2) fees, books, supplies, and equipment required for courses
14 of instruction in the eligible training program.

15 Sec. 4. As used in this chapter, "school" means a public school,
16 including a charter school, an accredited nonpublic school, or an
17 eligible school.

18 Sec. 5. As used in this chapter, "student" refers to an individual
19 who:

20 (1) has legal settlement in Indiana;

21 (2) is at least five (5) years of age and less than twenty-two
22 (22) years of age on the date in the school year specified in
23 IC 20-33-2-7; and

24 (3) is currently enrolled in a school.

25 Sec. 6. As used in this chapter, "training provider" means any
26 of the following:

27 (1) A state educational institution (as defined in
28 IC 21-7-13-32).

29 (2) A postsecondary proprietary educational institution (as
30 defined in IC 22-4.1-21-9).

31 (3) A career and technical education provider established by
32 a governing body (as defined in IC 20-18-2-5) under IC 20-37.

33 Sec. 7. An organization qualifies for certification as an industry
34 credentialing organization if the organization:

35 (1) is exempt from federal income taxation under Section
36 501(c)(3) of the Internal Revenue Code;

37 (2) conducts activities for the purpose of enhancing career and
38 technical education opportunities for students attending a
39 school within the community and aligning those opportunities
40 with local economic and labor needs within the community;

41 (3) is governed by a board of directors that consists of
42 members:



- 1 (A) who are representatives of businesses from at least a
 2 majority of the economic growth regions of the department
 3 of workforce development as determined by the
 4 department of workforce development; and
 5 (B) who:
 6 (i) conduct the same line of business or trade; or
 7 (ii) are in the same industry or profession;
 8 in Indiana;
 9 (4) applies to the department and the department of
 10 workforce development on the form and in the manner
 11 prescribed by the department and the department of
 12 workforce development; and
 13 (5) enters into an agreement with the department and the
 14 department of workforce development to comply with this
 15 article.

16 However, if an organization is unable to meet the requirements
 17 under subdivision (3)(A) and (3)(B), the department and the
 18 department of workforce development may waive those
 19 requirements under the terms of the agreement entered into under
 20 subdivision (5).

21 Sec. 8. The department and the department of workforce
 22 development shall coordinate with each other for purposes of this
 23 chapter and shall certify an organization as an industry
 24 credentialing organization, if the organization meets the
 25 qualification requirements under section 7 of this chapter.

26 Sec. 9. An agreement entered into under section 7(5) of this
 27 chapter by and among the department, the department of
 28 workforce development, and an industry credentialing
 29 organization must require the industry credentialing organization
 30 to do the following:

- 31 (1) Collaborate with and seek guidance on a periodic basis
 32 from:
 33 (A) the department;
 34 (B) the department of workforce development;
 35 (C) schools;
 36 (D) training providers; and
 37 (E) other stakeholders;
 38 in carrying out the activities of the industry credentialing
 39 organization under this chapter.
 40 (2) Agree to deposit all contributions in a separate account of
 41 the industry credentialing organization.
 42 (3) Agree to provide written substantiation to taxpayers for



1 each contribution made to the industry credentialing
 2 organization, which must include certification that the
 3 contribution will be used by the industry credentialing
 4 organization only for purposes of this chapter.

5 (4) Beginning not later than the third year following the date
 6 the industry credentialing organization is certified under
 7 section 8 of this chapter, distribute annually not less than
 8 seventy-five percent (75%) of the total amount of
 9 contributions for one (1) or more purposes set forth in section
 10 10 of this chapter.

11 (5) Use not more than ten percent (10%) of the total amount
 12 of contributions for administrative costs.

13 (6) Prohibit a taxpayer from directing a contribution to a
 14 particular student or a particular training provider.

15 (7) Allow a taxpayer to designate:

16 (A) a specific purpose for which the taxpayer's
 17 contribution must be used; and

18 (B) a specific school or school district for which the
 19 taxpayer's contribution must be used;

20 under section 10 of this chapter.

21 (8) Agree to provide a list of the names and addresses of the
 22 board members, officers, and employees with managerial
 23 authority of the industry credentialing organization.

24 (9) Conduct criminal background checks on all the industry
 25 credentialing organization board members, officers, and
 26 employees, and exclude from employment or governance any
 27 individual who might reasonably pose a risk to the
 28 appropriate use of contributed funds.

29 (10) Make the reports required by this chapter.

30 **Sec. 10. Money received from contributions may be used by an**
 31 **industry credentialing organization for one (1) or more of the**
 32 **following purposes:**

33 (1) To provide financial support in the form of grants to pay
 34 the qualifying educational expenses for students to attend an
 35 eligible training program that allows the student to
 36 concurrently earn high school or college credit.

37 (2) To provide grants to schools to be used by the school to
 38 pay the transportation costs for students to attend an eligible
 39 training program that allows the student to concurrently earn
 40 high school or college credit.

41 (3) To provide grants to schools to be used by the school to
 42 supplement funding for the following curriculum or program



1 of instruction of the school:

2 (A) the school's career counseling of students;

3 (B) a work ethic certificate program established under
4 IC 22-4.1-25;

5 (C) an apprenticeship program (as defined in
6 IC 20-43-8-0.3) that is established as a graduation pathway
7 requirement under IC 20-32-4-1.5;

8 (D) a work based learning course delivered in an
9 employment relationship that:

10 (i) provides a worker with paid work experience and
11 corresponding classroom instruction as set forth in
12 IC 20-43-8-0.7; and

13 (ii) is established as a graduation pathway requirement
14 under IC 20-32-4-1.5; or

15 (E) any other course or program of an eligible training
16 provider, if the course or program leads to the attainment
17 of a specific employment related credential that documents
18 the student's skills for employment success.

19 (4) To provide money to the industry credentialing
20 organization to establish and operate a career counseling
21 program for students.

22 **Sec. 11. An industry credentialing organization may accept a**
23 **contribution of stock for purposes of this chapter. If an industry**
24 **credentialing organization accepts stock as a contribution for**
25 **purposes of this chapter, the industry credentialing organization**
26 **must sell the stock and deposit the proceeds of the sale in the**
27 **account described in section 9(2) of this chapter not later than ten**
28 **(10) days after the date of the contribution of the stock.**

29 **Sec. 12. (a) An industry credentialing organization may not**
30 **distribute grants from contributions under this chapter:**

31 (1) for use by a student who is also the recipient of a high
32 value workforce ready credit-bearing grant under IC 21-12-8
33 for attendance at a training provider in any course for which
34 the grant for attendance from the industry credentialing
35 organization is provided;

36 (2) for use by a student to enroll in an eligible training
37 program that the industry credentialing organization knows
38 does not qualify under this chapter;

39 (3) for use to fund an eligible training program of a training
40 provider as defined in section 6(3) of this chapter (career and
41 technical education provider), if the grant money is used by
42 the training provider to replace state funding for the eligible



1 training program for which the grant is made; or
 2 (4) to pay the qualifying educational expenses for students to
 3 attend an eligible training program in which the student is
 4 entitled to enroll without payment of tuition.

5 (b) An agreement entered into under section 7(5) of this chapter
 6 must prohibit an industry credentialing organization from limiting
 7 the availability of grants from contributions to students of only one
 8 (1) school or attendance at only one (1) eligible training provider.

9 Sec. 13. (a) An industry credentialing organization certified
 10 under this chapter must publicly report to the department by
 11 December 1 of each year the following information regarding the
 12 industry credentialing organization's grants awarded in the
 13 previous school year:

14 (1) The name and address of the industry credentialing
 15 organization.

16 (2) The total number and total dollar amount of contributions
 17 received during the previous school year.

18 (3) The:

19 (A) total number and total dollar amount of all grants
 20 awarded during the previous school year;

21 (B) total number and total dollar amount of grants
 22 awarded to pay the qualifying educational expenses for
 23 students to attend an eligible training program;

24 (C) total number and total dollar amount of grants
 25 awarded to each school; and

26 (D) total number and total dollar amount of other
 27 expenses.

28 The report must be certified under penalties of perjury by the
 29 executive director of the industry credentialing organization.

30 (b) An industry credentialing organization certified under this
 31 chapter shall contract with an independent certified public
 32 accountant for an annual financial audit of the industry
 33 credentialing organization. The industry credentialing
 34 organization must provide a copy of the annual financial audit to
 35 the department and must make the annual financial audit available
 36 to a member of the public upon request.

37 Sec. 14. The department shall prescribe a standardized form for
 38 industry credentialing organizations to report information
 39 required under this chapter.

40 Sec. 15. The department may, in a proceeding under IC 4-21.5,
 41 suspend or terminate the certification of an organization as an
 42 industry credentialing organization if the department establishes



1 that the industry credentialing organization has intentionally and
 2 substantially failed to comply with the requirements of this chapter
 3 or an agreement entered into under this chapter.

4 **Sec. 16.** The department may conduct either a financial review
 5 or an audit of an industry credentialing organization certified
 6 under this chapter if the department of state revenue has evidence
 7 of fraud.

8 **Sec. 17. (a)** A school that receives grant money from an industry
 9 credentialing organization under this chapter shall report to the
 10 department by December 1 of each year the use of the grant money
 11 by the school during the previous school year and metrics of
 12 student achievement and demographics, including:

13 (1) the amount of grant money used for each course or
 14 program of instruction of the school;

15 (2) the amount of grant money used for transportation costs
 16 for students to attend an eligible training program;

17 (3) the amount of grant money used for any other purposes;
 18 and

19 (4) metrics of student achievement and demographic
 20 information for those students during the previous school
 21 year that participated in a course or program of instruction
 22 of the school that was funded in whole or in part by grant
 23 money from an industry credentialing organization under this
 24 chapter.

25 (b) The department shall make the information reported by
 26 each school under subsection (a) available to the public on the
 27 department's Internet web site.

28 **Sec. 18.** The department shall prescribe a standard form to be
 29 used by a school to report student achievement and demographic
 30 information as required under section 17(a)(4) of this chapter. The
 31 standard form must include at least the following information for
 32 those students participating in a career and technical education
 33 program or course described in section 17(a)(4) of this chapter:

34 (1) The number of students who completed a program or
 35 course in the school that was funded in whole or in part by
 36 grant money from an industry credentialing organization
 37 under this chapter, including:

38 (A) a compilation of:

39 (i) the academic achievement of those students in the
 40 program or course; and

41 (ii) the average grade point average of those students;
 42 and



- 1 **(B) a description of the employment related credential**
 2 **attained by those students as a result of completing the**
 3 **program or course, if any.**
- 4 **(2) The number of students who completed a course in an**
 5 **eligible training program that allowed the student to receive**
 6 **concurrent high school or college credit as a result of**
 7 **completing the course.**
- 8 **(3) The number of students who completed an eligible training**
 9 **program to attain an industry certification described in**
 10 **section 2(1) of this chapter.**
- 11 **(4) The number of students who enrolled in, but failed to**
 12 **complete, a program or course described in subdivisions (1)**
 13 **through (3).**
- 14 **(5) The number of students with low socioeconomic status.**
- 15 **(6) The number of students from racial minority groups.**
- 16 **(7) The number of students representing rural regions.**
- 17 **(8) The number of students representing urban regions.**
- 18 **(9) The number of students by gender.**
- 19 **(10) The number of students with disability status.**
- 20 **(11) The number of students who are designated as at risk**
 21 **students.**
- 22 **Sec. 19. (a) An industry credentialing organization shall conduct**
 23 **a survey of the students that participated in a course or program**
 24 **that received funding from the industry credentialing organization**
 25 **under this chapter.**
- 26 **(b) The survey shall be conducted in the year after the year in**
 27 **which the student graduates or leaves school and the next four (4)**
 28 **consecutively succeeding years.**
- 29 **(c) The survey must include the individual's employment status,**
 30 **including whether the individual is employed full-time or**
 31 **part-time, for each year the survey is conducted.**
- 32 **(d) The industry credentialing organization shall submit each**
 33 **survey conducted under this section to the department and the**
 34 **department of workforce development not later than December 1**
 35 **of the year in which the survey is conducted.**
- 36 **Sec. 20. The department shall adopt rules under IC 4-22-2 to**
 37 **implement this chapter.**

