SENATE BILL No. 456

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-34.

Synopsis: Crime prevention income tax credit. Provides an income tax credit to a landlord who offers incentives to tenants for reporting criminal activities that result in the arrest and successful prosecution of an individual for the crime of murder, battery, kidnapping, sexual assault, an offense related to a controlled substance, or criminal mischief. Specifies that incentives may include only a cash reward, one to six months of free rent, and one to six months of free utilities. Requires the prosecuting attorney to document to the landlord that the tenant making the report was the cause of the apprehension and that the information provided by the tenant led to the conviction of the individual committing the crime. Requires the landlord to submit documentation to the state for the tax credit. Provides that the tax credit is 100% of the value of the incentive received by the tenant as certified by the tenant.

Effective: January 1, 2011 (retroactive).

Breaux

January 12, 2011, read first time and referred to Committee on Tax and Fiscal Policy.

C o p y

Introduced

First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

C o p y

SENATE BILL No. 456

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 6-3.1-34 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011 (RETROACTIVE)]:

Chapter 34. Crime Reporting Tax Credit

Sec. 1. As used in this chapter, "crime" means one (1) of the following:

(1) Murder (IC 35-42-1-1).

(2) Battery (IC 35-42-2-1).

(3) Kidnapping (IC 35-42-3-2).

(4) Sexual assault (as defined in IC 5-26.5-1-8).

(5) An offense related to a controlled substance (IC 35-48-4).

(6) Criminal mischief (IC 35-43-1-2).

Sec. 2. As used in this chapter, "landlord" means a person that is actively engaged in the business of providing property for lease to individuals to use as their primary residence.

Sec. 3. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross

income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 4. As used in this chapter, "qualified crime reporting program" means a program described in section 7 of this chapter.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax), as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means a landlord that has any state tax liability.

Sec. 7. (a) A program established by a landlord is a qualified crime reporting program if the landlord provides an incentive set forth in subsection (b) when a tenant of the landlord reports to a law enforcement agency criminal activity on the landlord's property. The landlord's property includes the real property leased to tenants, the common area used by tenants, and any property improvements that are used by the landlord in support of the landlord's leased property.

(b) A landlord must offer one (1) or more of the following incentives to all tenants at a particular property for a program to be considered a qualified crime reporting program:

(1) A cash reward not to exceed the value of six (6) months of free rent.

(2) A reward of one (1) to six (6) months of free rent.

(3) A reward of one (1) to six (6) months of free utility services otherwise being paid for by the tenant.

Sec. 8. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year equal to the amount of the incentive award provided by the taxpayer to a tenant under a qualified crime reporting program.

(b) A tax credit under this section may be granted only if the taxpayer claiming the credit satisfies the following conditions:

(1) The taxpayer has a qualified crime reporting program.

(2) The taxpayer has provided an actual incentive reward to a tenant of the taxpayer, in the amount certified by the tenant.

(3) The taxpayer provides a document signed by the prosecuting attorney's office stating that the tenant reported activities, that the report was the cause of the apprehension of the individual, and that the information provided by the

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tenant led to the conviction of the individual committing the crime.

Sec. 9. A taxpayer may not sell, assign, convey, or otherwise transfer the tax credit provided by this chapter.

Sec. 10. If a pass through entity is entitled to a credit under this chapter but does not have a state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

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

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 11. (a) If the credit provided by this chapter exceeds the taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried forward to succeeding taxable years and used as a credit against the taxpayer's state tax liability during those taxable years. Each time the credit is carried forward to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year.

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

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 13. The department shall, not later than December 31 of each odd-numbered year, report to the legislative council in an electronic format under IC 5-14-6 concerning the use of the credit provided by this chapter. A report required by this section must include:

(1) the number of taxpayers claiming and receiving the credit;

(2) any reports of abuse of the credit; and

(3) other information the department considers necessary concerning the use and effectiveness of the credit;

during the preceding reporting period.

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

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