SENATE BILL No. 583

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-33.

Synopsis: New employer tax credit. Reduces from ten to one the number of qualified employees that a corporation or pass through entity must employ in order to qualify for the new employer tax credit (credit). Excludes an individual hired as a seasonal worker from the definition of qualified employee. Extends the credit for one year (to taxable years beginning before January 1, 2014).

Effective: July 1, 2011.

Taylor, Breaux

January 20, 2011, read first time and referred to Committee on Commerce & Economic Development.

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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.

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SENATE BILL No. 583

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 6-3.1-33-4, AS ADDED BY P.L.110-2010, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4. **(a) This subsection applies to taxable years beginning after December 31, 2009, and before January 1, 2012.** As used in this chapter, "new Indiana business" means a corporation or pass through entity that: ~~after December 31, 2009.~~

(1) either:

(A) locates or relocates the operations of a business enterprise in Indiana;

(B) incorporates or otherwise first organizes in Indiana; or

(C) expands the entity's operation of a business enterprise in Indiana;

(2) employs at least ten (10) qualified employees;

(3) makes an application to the IEDC under this chapter; and

(4) is issued a certificate of approval by the IEDC under this chapter.

(b) This subsection applies to taxable years beginning after

December 31, 2011. As used in this chapter, "new Indiana business" means a corporation or pass through entity:

(1) that:

(A) locates or relocates the operations of a business enterprise in Indiana;

(B) incorporates or otherwise first organizes in Indiana; or

(C) expands the entity's operation of a business enterprise in Indiana;

(2) that employs at least one (1) qualified employee;

(3) that makes an application to the IEDC under this chapter; and

(4) that is issued a certificate of approval by the IEDC under this chapter.

SECTION 2. IC 6-3.1-33-5, AS ADDED BY P.L.110-2010, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. As used in this chapter, "qualified employee" means an individual who is:

(1) a full-time employee (as defined in IC 6-3.1-13-4) first hired by a new Indiana business during the period specified in section 10(b) of this chapter;

(2) a resident of Indiana; and

(3) not more than a five percent (5%) shareholder, partner, member, or owner of the applicant;

as determined by the IEDC. The term does not include rehired individuals, individuals employed to fill positions vacated as the result of a layoff that occurred during the previous two (2) years, ~~or~~ individuals employed in the same business operation before and after a change of business ownership, **or, after December 31, 2011, individuals hired as seasonal workers (as defined in IC 22-4-8-4(b)).**

SECTION 3. IC 6-3.1-33-9, AS ADDED BY P.L.110-2010, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 9. (a) Before January 1, ~~2013,~~ **2014,** a corporation or pass through entity that desires to qualify for the credit provided by this chapter may submit an application to the IEDC in the form and manner specified by the IEDC.

(b) The IEDC shall promptly review all applications submitted to the IEDC under this chapter.

(c) **This subsection applies to taxable years beginning after December 31, 2009, and before January 1, 2012.** If the IEDC determines that an applicant for the tax credit provided by this chapter has furnished reliable evidence, as determined by the IEDC, that the

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applicant is reasonably capable of:

(1) employing at least ten (10) qualified employees in each month of the period specified in section 10(b) of this chapter during the taxable year; and

(2) meeting the requirements for the tax credit provided by this chapter;

the IEDC may issue the applicant a certificate of approval. If a certificate of approval is issued, the IEDC shall provide a copy of the certificate to the department.

(d) This subsection applies to taxable years beginning after December 31, 2011. If the IEDC determines that an applicant for the tax credit provided by this chapter has furnished reliable evidence, as determined by the IEDC, that the applicant is reasonably capable of:

(1) employing at least one (1) qualified employee in each month of the period specified in section 10(b) of this chapter during the taxable year; and

(2) meeting the requirements for the tax credit provided by this chapter;

the IEDC may issue the applicant a certificate of approval. If a certificate of approval is issued, the IEDC shall provide a copy of the certificate to the department.

~~(d)~~ **(e)** In making a determination of whether an applicant is qualified for a credit under this chapter, the IEDC may consider the following:

(1) The applicant's employment levels in previous years to determine if the applicant is hiring new individuals or rehiring individuals.

(2) Whether the applicant is the successor to part or all of the assets or business operations of another corporation or pass through entity that conducted business operations in Indiana in the same line of business to determine if the applicant is a new Indiana business under this chapter.

~~(e)~~ **(f) This subsection applies to taxable years beginning after December 31, 2009, and before January 1, 2012.** If the IEDC determines that the applicant will not employ at least ten (10) qualified employees in each month of the period specified in section 10(b) of this chapter during the taxable year, is not a new Indiana business, or does not meet, or is unlikely to meet, any other requirements for the tax credit provided by this chapter, the IEDC shall notify the applicant of the IEDC's determination.

(g) This subsection applies to taxable years beginning after

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December 31, 2011. If the IEDC determines that the applicant will not employ at least one (1) qualified employee in each month of the period specified in section 10(b) of this chapter during the taxable year, is not a new Indiana business, or does not meet, or is unlikely to meet, any other requirements for the tax credit provided by this chapter, the IEDC shall notify the applicant of the IEDC's determination.

~~(f)~~ **(h)** The IEDC may not issue a certificate of approval under this chapter after December 31, ~~2012.~~ **2013.**

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