

HOUSE BILL No. 1456

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-34.

Synopsis: New employee tax credit. Provides a tax credit against state tax liability each taxable year for a small business that hires a veteran, an individual who is at least 50 years of age, or an individual who has been totally unemployed for each of the 26 weeks preceding the hiring date. Specifies that the amount of the credit is \$1,000 for each qualified individual the employer hires during the taxable year.

Effective: January 1, 2013 (retroactive).

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January 22, 2013, read first time and referred to Committee on Ways and Means.

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First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1456

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 6-3.1-34 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2013 (RETROACTIVE)]:

4 **Chapter 34. Tax Credit for Hiring Qualified Individuals**

5 **Sec. 1. This chapter applies only to taxable years beginning after**
6 **December 31, 2012.**

7 **Sec. 2. As used in this chapter, "department" refers to:**

- 8 (1) the department of state revenue; or
- 9 (2) the department of insurance;

10 **whichever is obligated to administer the tax against which a tax**
11 **credit is applied.**

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

- 13 (1) a corporation that is exempt from the adjusted gross
- 14 income tax under IC 6-3-2-2.8(2);
- 15 (2) a partnership;
- 16 (3) a limited liability company; or
- 17 (4) a limited liability partnership.



1 **Sec. 4. As used in this chapter, "person" means any individual,**
 2 **partnership, firm, association, joint venture, limited liability**
 3 **company, or corporation.**

4 **Sec. 5. As used in this chapter, "qualified individual" means:**

- 5 (1) a veteran;
 6 (2) an individual who was at least fifty (50) years of age on the
 7 date the individual was hired; or
 8 (3) an individual who was totally unemployed (as defined by
 9 IC 22-4-3-1) for each of the twenty-six (26) weeks preceding
 10 the date the individual was hired.

11 **Sec. 6. As used in this chapter, "small business" means a**
 12 **business entity that satisfies the following requirements:**

- 13 (1) On at least fifty percent (50%) of the working days of the
 14 business entity occurring during the preceding calendar year,
 15 the business entity employed not more than one hundred fifty
 16 (150) employees.
 17 (2) The majority of the employees of the business entity work
 18 in Indiana.

19 **Sec. 7. As used in this chapter, "state tax liability" means a**
 20 **taxpayer's total tax liability that is incurred under:**

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

24 **as computed after the application of the credits that under**
 25 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
 26 **chapter.**

27 **Sec. 8. As used in this chapter, "taxpayer" means a person that**
 28 **owns and operates a small business.**

29 **Sec. 9. As used in this section, "veteran" means an individual:**

- 30 (1) who:
 31 (A) has served in:
 32 (i) the United States armed forces or their reserves;
 33 (ii) the Indiana Army National Guard; or
 34 (iii) the Indiana Air National Guard; and
 35 (B) received an honorable discharge from service; or
 36 (2) who is serving in the United States armed forces or their
 37 reserves.

38 **Sec. 10. (a) Each taxable year, except as otherwise provided in**
 39 **this section, a taxpayer is entitled to a credit against the taxpayer's**
 40 **state tax liability for each qualified individual the taxpayer hires**
 41 **during the taxable year for employment in Indiana. The amount of**
 42 **the credit is equal to:**

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(1) one thousand dollars (\$1,000); multiplied by
(2) the number of qualified individuals hired by the taxpayer for employment in Indiana during the taxable year.

(b) A taxpayer that is required to hire or rehire a qualified individual by federal or state law may not claim the credit provided by subsection (a) for the qualified individual.

(c) A taxpayer may not claim the credit provided by subsection (a) for hiring a qualified individual if the taxpayer claims any other credit under this article for hiring the qualified individual.

Sec. 11. If a pass through entity does not have state tax liability for a taxable year but is otherwise entitled to the tax credit provided by this chapter, each shareholder, partner, or member of the pass through entity is entitled to a share of the tax credit equal to:

- (1) the amount of 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. 12. (a) If the credit provided by this chapter exceeds a 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. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for not more than nine (9) taxable years following the first year for which the credit is claimed.

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

Sec. 13. To receive the tax credit under 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.

SECTION 2. An emergency is declared for this act.

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