
HOUSE BILL No. 1440

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Tax credits for hiring minority youth and disabled persons. Entitles a taxpayer that employs a minority youth or disabled person to a tax credit equal to \$500 or 25% of the wages paid to the minority youth or disabled person, whichever is less. Provides that the maximum amount of total credits allowed to all taxpayers in a state fiscal year is \$1,000,000.

Effective: January 1, 2002.

Smith V, Weinzapfel

January 11, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

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HOUSE BILL No. 1440



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 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]:

4 **Chapter 20. Credit for Employing Minority Youth or Disabled**
5 **Persons**

6 **Sec. 1. As used in this chapter, "disability" has the meaning set**
7 **forth in IC 22-9-5-6.**

8 **Sec. 2. As used in this chapter, "disabled person" means an**
9 **individual who:**

- 10 (1) has a disability;
- 11 (2) has a household federal adjusted gross income of less than
- 12 twenty thousand dollars (\$20,000) for the most recently
- 13 completed calendar year; and
- 14 (3) was a resident of Indiana for at least six (6) months before
- 15 the date the individual was employed by the taxpayer.

16 **Sec. 3. As used in this chapter, "eligible individual" means a**
17 **disabled person or minority youth.**



1 **Sec. 4. (a) As used in this chapter with respect to a disabled**
 2 **person, "household federal adjusted gross income" means the total**
 3 **adjusted gross income (as defined in Section 62 of the Internal**
 4 **Revenue Code) of a disabled person and the spouse of the disabled**
 5 **person, if that spouse resides with the disabled person during the**
 6 **taxable year.**

7 **(b) As used in this chapter with respect to a minority youth,**
 8 **"household federal adjusted gross income" means the total**
 9 **adjusted gross income (as defined in Section 62 of the Internal**
 10 **Revenue Code) of a minority youth and any of the following**
 11 **persons who reside with the minority youth during the taxable**
 12 **year:**

13 **(1) Each of the parents of the minority youth.**

14 **(2) The spouse of the minority youth.**

15 **Sec. 5. As used in this chapter, "minority youth" means an**
 16 **individual who:**

17 **(1) is identified as black, Hispanic, Asian, Asian-American, or**
 18 **Native American;**

19 **(2) has a household federal adjusted gross income of less than**
 20 **twenty thousand dollars (\$20,000) for the most recently**
 21 **completed calendar year;**

22 **(3) was a resident of Indiana for at least six (6) months before**
 23 **the date the individual was employed by the taxpayer; and**

24 **(4) was at least sixteen (16) years of age and less than twenty**
 25 **(20) years of age during the period of employment for which**
 26 **the taxpayer has filed a claim for a credit under this chapter.**

27 **Sec. 6. As used in this chapter, "state tax liability" means the**
 28 **taxpayer's total tax liability that is incurred under:**

29 **(1) IC 6-2.1 (the gross income tax);**

30 **(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);**

31 **(3) IC 6-3-8 (the supplemental net income tax);**

32 **(4) IC 6-5-10 (the bank tax);**

33 **(5) IC 6-5-11 (the savings and loan association tax);**

34 **(6) IC 6-5.5 (the financial institutions tax); and**

35 **(7) IC 27-1-18-2 (the insurance premiums tax);**

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

39 **Sec. 7. As used in this chapter, "taxpayer" means a person, a**
 40 **corporation, a partnership, or other entity that has state tax**
 41 **liability.**

42 **Sec. 8. A taxpayer that employs an eligible individual is entitled**

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1 to a credit against the taxpayer's state tax liability for the taxable
2 year during which the eligible individual is employed.

3 **Sec. 9.** Subject to sections 10 through 13 of this chapter, the
4 amount of the credit that a taxpayer may claim for a particular
5 eligible individual for a taxable year equals the lesser of the
6 following:

7 (1) Twenty-five percent (25%) of the wages paid by the
8 taxpayer to the eligible individual during the taxable year,
9 beginning on the eligible individual's first day of employment
10 and ending on:

11 (A) the eligible individual's last day of employment with
12 the taxpayer; or

13 (B) the last day of the taxpayer's taxable year;
14 whichever occurs first.

15 (2) Five hundred dollars (\$500).

16 **Sec. 10.** For all taxable years, the aggregate amount of credits
17 that may be claimed under this chapter for a particular eligible
18 individual by a taxpayer may not exceed five hundred dollars
19 (\$500).

20 **Sec. 11. (a)** If the amount determined under section 9 of this
21 chapter for a taxpayer in a taxable year exceeds the taxpayer's
22 state tax liability for that taxable year, the taxpayer may carry the
23 excess over to the following taxable years. The amount of the credit
24 carryover from a taxable year is reduced to the extent that the
25 carryover is used by the taxpayer to obtain a credit under this
26 chapter for any subsequent taxable years.

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

29 **Sec. 12.** To obtain a tax credit under this chapter, a taxpayer
30 shall file with the department, in the form that the department may
31 prescribe, an application stating the following:

32 (1) The name, address, and Social Security number of the
33 eligible individual employed by the taxpayer.

34 (2) The wages paid to the eligible individual by the taxpayer
35 for the taxable year.

36 (3) The amount sought to be claimed as a tax credit under this
37 chapter.

38 (4) Other information the department determines necessary.

39 **Sec. 13. (a)** The total amount of tax credits allowed under this
40 chapter may not exceed one million dollars (\$1,000,000) in a state
41 fiscal year.

42 (b) The department shall record the time of filing of each

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1 application for allowance of a credit required under section 12 of
 2 this chapter and shall approve the applications, if the applicant
 3 otherwise qualifies for a tax credit under this chapter, in the
 4 chronological order in which the applications are filed in the state
 5 fiscal year.

6 (c) After the total credits approved under this section equal the
 7 maximum amount allowable in a state fiscal year, an application
 8 filed for that fiscal year may not be approved.

9 Sec. 14. (a) A credit to which a taxpayer is entitled under this
 10 chapter shall be applied against taxes owed by the taxpayer in the
 11 following order:

12 (1) Against the taxpayer's gross income tax liability (IC 6-2.1)
 13 for the taxable year.

14 (2) Against the taxpayer's adjusted gross income tax liability
 15 (IC 6-3-1 through IC 6-3-7) for the taxable year.

16 (3) Against the taxpayer's supplemental net income tax
 17 liability (IC 6-3-8) for the taxable year.

18 (4) Against the taxpayer's bank tax liability (IC 6-5-10) or
 19 savings and loan association tax liability (IC 6-5-11) for the
 20 taxable year.

21 (5) Against the taxpayer's financial institutions tax liability
 22 (IC 6-5.5) for the taxable year.

23 (6) Against the taxpayer's insurance premiums tax liability
 24 (IC 27-1-18-2) for the taxable year.

25 (b) Whenever the tax paid by the taxpayer under any of the tax
 26 provisions listed in subsection (a) is a credit against the liability or
 27 a deduction in determining the tax base under another Indiana tax
 28 provision, the credit or deduction shall be computed without
 29 regard to the credit to which a taxpayer is entitled under this
 30 chapter.

31 SECTION 2. [EFFECTIVE JANUARY 1, 2002] IC 6-3.1-20, as
 32 added by this act, applies to taxable years that begin after
 33 December 31, 2001.

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