

---

---

# HOUSE BILL No. 1473

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4-30; IC 6-3.1-22.

**Synopsis:** School to career program tax credit. Establishes a certified school to career program. Provides a two year credit against state tax liability for wages paid to a participant in a certified school to career program.

**Effective:** January 1, 2001 (retroactive); July 1, 2001.

---

---

### GiaQuinta

---

---

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

---

---

C  
o  
p  
y



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

C  
o  
p  
y

## HOUSE BILL No. 1473



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 4-4-30 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2001]:

4 **Chapter 30. Certified School to Career Programs**

5 **Sec. 1. As used in this chapter, "certified school to career**  
6 **program" means a program approved by the department of**  
7 **workforce development, in conjunction with the department of**  
8 **education, that is conducted under an agreement under this**  
9 **chapter and that:**

- 10 (1) integrates a secondary school curriculum with private
- 11 sector job training;
- 12 (2) places students in job internships; and
- 13 (3) is designed to continue into postsecondary education and
- 14 will result in teaching new skills and adding value to the wage
- 15 earning potential of the participants and increase their long
- 16 term employability in Indiana.

17 **Sec. 2. As used in this chapter, "participant" means an**



1 individual who is at least sixteen (16) years of age and less than  
2 twenty-four (24) years of age and who:

3 (1) is enrolled in a public or private secondary or  
4 postsecondary school; and

5 (2) participates in a certified school to career program as part  
6 of the individual's secondary school education.

7 **Sec. 3.** As used in this chapter, "sponsor" means a person, an  
8 association, a committee, or an organization operating a school to  
9 career program and in whose name the program is registered or  
10 approved.

11 **Sec. 4.** The department of workforce development, in  
12 conjunction with the department of education, may not approve a  
13 school to career program unless the following requirements are  
14 met:

15 (1) The program must be conducted under an organized,  
16 written plan embodying the terms and conditions of  
17 employment, job training, classroom instruction, and  
18 supervision of one (1) or more participants, subscribed to by  
19 a sponsor who has undertaken to carry out the school to  
20 career program.

21 (2) The program must comply with all state and federal laws  
22 pertaining to the workplace.

23 (3) The program must involve an institution of higher  
24 learning (as defined in IC 20-12-70-4).

25 (4) The certified program agreement must provide that the  
26 employer agrees to assign an employee to serve as a mentor  
27 for a participant. The mentor's occupation must be in the  
28 same career pathway as the career interests of the  
29 participant.

30 (5) The program must comply with any other requirement  
31 adopted by rule by the department of workforce development  
32 after consultation with the department of education.

33 **Sec. 5.** The certified program shall be conducted under a signed  
34 written agreement between each participant and the employer that  
35 contains at least the following provisions:

36 (1) The names and signatures of the participant and the  
37 sponsor or employer and the signature of a parent or  
38 guardian if the participant is a minor.

39 (2) A description of the career field in which the participant  
40 is to be trained and the beginning date and duration of the  
41 training.

42 (3) The employer's agreement to provide paid employment for

C  
O  
P  
Y



- 1 the participant at a base wage during the participant's junior  
2 and senior years in high school and the participant's first year  
3 of postsecondary education.
- 4 (4) The employer's agreement to assign an employee to serve  
5 as a mentor for a participant. The mentor's occupation must  
6 be in the same career pathway as the career interests of the  
7 participant.
- 8 (5) The participant and employer shall agree upon set  
9 minimum academic standards that the participant must  
10 maintain throughout the participant's secondary and  
11 postsecondary education.
- 12 (6) The base wage paid to the participant may not be less than  
13 the minimum wage prescribed by the federal Fair Labor  
14 Standards Act.
- 15 (7) In addition to the base wage paid to the participant, the  
16 employer shall pay an additional sum to be held in trust to be  
17 applied toward the participant's postsecondary education  
18 required for completion of the certified program. The  
19 additional amount must not be less than an amount  
20 determined by the department of workforce development to  
21 be sufficient to provide payment of tuition expenses toward  
22 completion of not more than two (2) academic years of the  
23 required postsecondary education component of the certified  
24 program at an institution of higher learning (as defined in  
25 IC 20-12-70-4). This amount shall be held in trust for the  
26 benefit of the participant under rules adopted by the  
27 department of workforce development. Payment into an  
28 ERISA approved fund for the benefit of the participant  
29 satisfies this requirement. The specific fund must be specified  
30 in the agreement.
- 31 (8) The participant's agreement to work for the employer for  
32 at least two (2) years following the completion of the  
33 participant's postsecondary education required by the  
34 certified program. However, the agreement may provide for  
35 additional education and work commitments beyond the two  
36 (2) years.
- 37 (9) If the participant does not complete the two (2) year  
38 employment obligation, the participant's agreement to repay  
39 to the employer the amount paid by the employer toward the  
40 participant's postsecondary education expenses under  
41 subdivision (7).
- 42 (10) If a participant does not complete the certified program

C  
O  
P  
Y

1 contemplated by the agreement after entering a  
 2 postsecondary education program, any unexpended funds  
 3 being held in trust for the participant's postsecondary  
 4 education shall be paid back to the employer. In addition, the  
 5 participant must repay to the employer amounts paid from  
 6 the trust that were expended on the participant's behalf for  
 7 postsecondary education.

8 (11) If a participant does not complete the certified program  
 9 contemplated by the agreement before entering a  
 10 postsecondary education program, one-half (1/2) of the money  
 11 being held in trust for the participant's postsecondary  
 12 education shall be paid to an institution of higher learning (as  
 13 defined in IC 20-12-70-4) of the participant's choice to pay  
 14 tuition or expenses of the participant. The other one-half (1/2)  
 15 of the trust money shall be paid back to the employer. Any  
 16 money to be transferred for the benefit of the participant that  
 17 is not transferred within five (5) years for purposes of  
 18 education at the designated postsecondary institution shall be  
 19 paid back to the employer.

20 **Sec. 6.** The department of commerce, in consultation with the  
 21 department of education, shall adopt rules under IC 4-22-2 to  
 22 implement this chapter.

23 SECTION 2. IC 6-3.1-22 IS ADDED TO THE INDIANA CODE  
 24 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 25 JANUARY 1, 2001 (RETROACTIVE)]:

26 **Chapter 22. Certified School to Career Program Payroll Credit**

27 **Sec. 1.** As used in this chapter, "certified school to career  
 28 program" has the meaning set forth in IC 4-4-30-1.

29 **Sec. 2.** As used in this chapter, "participant" has the meaning  
 30 set forth in IC 4-4-30-2.

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

- 32 (1) a corporation that is exempt from the adjusted gross
- 33 income tax under IC 6-3-2-2.8(2);
- 34 (2) a partnership;
- 35 (3) a limited liability company; or
- 36 (4) a limited liability partnership.

37 **Sec. 4.** As used in this chapter, "payroll expenditures" means  
 38 the base wages actually paid by an employer to a participant in a  
 39 certified school to career program under IC 4-4-30, plus the  
 40 amount held in trust to be applied toward the participant's  
 41 postsecondary education.

42 **Sec. 5.** As used in this chapter, "state tax liability" means a

C  
O  
P  
Y



1 taxpayer's total tax liability that is incurred under:

- 2 (1) IC 6-2.1 (gross income tax);  
 3 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);  
 4 (3) IC 6-3-8 (supplemental net income tax);  
 5 (4) IC 6-5-10 (bank tax);  
 6 (5) IC 6-5-11 (savings and loan association tax);  
 7 (6) IC 6-5.5 (financial institutions tax); and  
 8 (7) IC 27-1-18-2 (insurance premiums tax);

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

12 Sec. 6. As used in this chapter, "taxpayer" means a person,  
 13 corporation, or pass through entity that employs participants in a  
 14 certified school to career program under IC 4-4-30.

15 Sec. 7. (a) A taxpayer is entitled to a credit against the  
 16 taxpayer's state tax liability for the payroll expenditures by the  
 17 taxpayer in the taxable year.

18 (b) Subject to the limitations under subsection (c) and section 11  
 19 of this chapter, the amount of the credit is equal to the taxpayer's  
 20 payroll expenditures in the taxable year for a participant  
 21 multiplied by twenty percent (20%).

22 (c) The credit is limited to the first four hundred (400) hours of  
 23 payroll expenditures per participant for each calendar year the  
 24 participant is in the certified school to career program, not to  
 25 exceed two (2) years per participant.

26 Sec. 8. (a) If the amount determined under section 7(b) of this  
 27 chapter for a taxpayer in a taxable year exceeds the taxpayer's  
 28 state tax liability for that taxable year, the taxpayer may carry the  
 29 excess over to the following taxable years. The amount of the credit  
 30 carryover from a taxable year shall be reduced to the extent that  
 31 the carryover is used by the taxpayer to obtain a credit under this  
 32 chapter for any subsequent taxable year. A taxpayer is not entitled  
 33 to a carryback.

34 (b) A taxpayer is entitled to a refund of any unused credit.

35 Sec. 9. If a pass through entity does not have state income tax  
 36 liability against which the tax credit may be applied, a shareholder  
 37 or partner of the pass through entity is entitled to a tax credit equal  
 38 to:

- 39 (1) the tax credit determined for the pass through entity for  
 40 the taxable year; multiplied by  
 41 (2) the percentage of the pass through entity's distributive  
 42 income to which the shareholder or partner is entitled.

C  
O  
P  
Y



1       **Sec. 10. To receive the credit provided by this chapter, a**  
2 **taxpayer must claim the credit on the taxpayer's state tax return**  
3 **in the manner prescribed by the department. The taxpayer must**  
4 **submit to the department proof of payment of the payroll**  
5 **expenditures and all information that the department determines**  
6 **is necessary for the calculation of the credit provided by this**  
7 **chapter.**

8       **Sec. 11. (a) The amount of tax credits approved under this**  
9 **chapter may not exceed five hundred thousand dollars (\$500,000)**  
10 **in the period beginning July 1, 2001, and ending June 30, 2003.**

11       **(b) The department shall record the time of filing of each**  
12 **application for allowance of a credit under section 10 of this**  
13 **chapter and shall approve the applications, if they otherwise**  
14 **qualify for a tax credit under this chapter, in the chronological**  
15 **order in which the applications are filed in the state fiscal year.**

16       **(c) When the total credits approved under this section equal the**  
17 **maximum amount allowable in a state fiscal year, no application**  
18 **filed later for that same fiscal year shall be approved. However, if**  
19 **an applicant for whom a credit has been approved fails to file the**  
20 **statement of proof of payment required under section 10 of this**  
21 **chapter, an amount equal to the credit previously allowed or set**  
22 **aside for the applicant may be allowed to any subsequent applicant**  
23 **in the year. In addition, the department may, if the applicant so**  
24 **requests, approve a credit application, in whole or in part, with**  
25 **respect to the next succeeding state fiscal year.**

26       **Sec. 12. The credit provided by this chapter applies only to**  
27 **taxable years beginning after December 31, 2000, and ending**  
28 **before January 1, 2003.**

29       **SECTION 3. An emergency is declared for this act.**

C  
O  
P  
Y

