
SENATE BILL No. 38

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-11.

Synopsis: Income tax credit for contributions to education savings plans. Allows an adjusted gross income tax credit to individuals and married couples for contributions to an education savings plan. Provides that the credit is equal to 20% of the contribution. Provides that the credit allowed for a particular contribution may not exceed \$1,000. Provides that the aggregate amount of credits claimed by a taxpayer in a particular year may not exceed the taxpayer's adjusted gross income tax liability for that year.

Effective: January 1, 2007.

Kenley

January 9, 2006, read first time and referred to Committee on Tax and Fiscal Policy.

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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 2005 Regular Session of the General Assembly.

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SENATE BILL No. 38



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 6-3-3-11 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 3 JANUARY 1, 2007]: **Sec. 11. (a) As used in this section, "education**
- 4 **savings plan" means:**
- 5 (1) a trust program; or
- 6 (2) any other program;
- 7 established in any state that qualifies as a qualified state tuition
- 8 program under Section 529 of the Internal Revenue Code.
- 9 (b) As used in this section, "taxpayer" means:
- 10 (1) an individual filing a single return; or
- 11 (2) a married couple filing a joint return.
- 12 (c) Subject to the applicable limits in this section, a taxpayer is
- 13 entitled to a credit against the taxpayer's adjusted gross income tax
- 14 imposed by IC 6-3-1 through IC 6-3-7 for a taxable year equal to
- 15 twenty percent (20%) of the amount of each contribution made by
- 16 the taxpayer to an education savings plan during the taxable year.
- 17 (d) The amount of the credit under this section for a particular



1 **contribution may not exceed one thousand dollars (\$1,000).**
2 **(e) The aggregate amount of credits allowed by this section to a**
3 **taxpayer in a particular taxable year may not exceed the amount**
4 **of the taxpayer's adjusted gross income tax imposed by IC 6-3-1**
5 **through IC 6-3-7 for the taxable year, reduced by the sum of all**
6 **credits (as determined without regard to this section) allowed by**
7 **IC 6-3-1 through IC 6-3-7.**
8 **(f) A taxpayer is not entitled to a carryback, carryover, or**
9 **refund of an unused credit.**
10 **(g) A taxpayer may not sell, assign, convey, or otherwise**
11 **transfer the tax credit provided by this section.**
12 **(h) To receive the credit provided by this section, a taxpayer**
13 **must claim the credit on the taxpayer's annual state tax return or**
14 **returns in the manner prescribed by the department. The taxpayer**
15 **shall submit to the department all information that the department**
16 **determines is necessary for the calculation of the credit provided**
17 **by this section.**
18 **SECTION 2. [EFFECTIVE JANUARY 1, 2007] IC 6-3-3-11, as**
19 **added by this act, applies to taxable years beginning after**
20 **December 31, 2006.**

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