
SENATE BILL No. 348

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-31.

Synopsis: Tax credits for high growth small businesses. Provides a state tax credit for a business that has been actively engaged in business in Indiana for at least two years, has annual revenue between \$1 million and \$10 million per year for at least two years, has revenue growth of at least 25% for at least two consecutive years, and employs or contracts with at least ten individuals. Provides that the credit equals 20% of the taxpayer's state tax liability in the taxable year.

Effective: January 1, 2007.

Waltz

January 10, 2006, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session 114th General Assembly (2006)

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. 348



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 6-3.1-31 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2007]:

4 **Chapter 31. Tax Credit for High Growth Small Businesses**

5 **Sec. 1. As used in this chapter, "eligible business" means, with**
6 **respect to a particular taxable year, a business that:**

- 7 (1) **has been actively engaged in business in Indiana for at**
- 8 **least two (2) taxable years;**
- 9 (2) **has revenue of more than one million dollars (\$1,000,000)**
- 10 **and less than ten million dollars (\$10,000,000) in the taxable**
- 11 **year and in the preceding taxable year;**
- 12 (3) **had at least a twenty-five percent (25%) annual growth in**
- 13 **revenue during the taxable year and during the preceding**
- 14 **taxable year; and**
- 15 (4) **employs or issues a Form 1099 under the Internal Revenue**
- 16 **Code for at least ten (10) individuals.**

17 **Sec. 2. As used in this chapter, "pass through entity" means:**



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

6 **Sec. 3. As used in this chapter, "state tax liability" means a**
 7 **taxpayer's total tax liability that is incurred under:**

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

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

14 **Sec. 4. As used in this chapter, "taxpayer" means an individual**
 15 **or entity that:**

- 16 (1) is an eligible business; and
- 17 (2) has any state tax liability.

18 **Sec. 5. A taxpayer is entitled to a credit against the taxpayer's**
 19 **state tax liability for the taxable year equal to twenty percent**
 20 **(20%) of the taxpayer's state tax liability for the taxable year. The**
 21 **tax credit provided under this chapter may not be carried back. A**
 22 **taxpayer is not entitled to a refund of any unused credit.**

23 **Sec. 6. If a pass through entity is entitled to a credit under this**
 24 **chapter but does not have state tax liability against which the tax**
 25 **credit may be applied, a shareholder, partner, or member of the**
 26 **pass through entity is entitled to a tax credit equal to:**

- 27 (1) the tax credit determined for the pass through entity for
- 28 the taxable year; multiplied by
- 29 (2) the percentage of the pass through entity's distributive
- 30 income to which the shareholder, partner, or member is
- 31 entitled.

32 **Sec. 7. To receive the credit provided by this chapter, a taxpayer**
 33 **must claim the credit on the taxpayer's state tax return or returns**
 34 **in the manner prescribed by the department. The taxpayer shall**
 35 **submit to the department all information that the department**
 36 **determines is necessary for the proper administration of the credit**
 37 **provided by this chapter.**

38 **SECTION 2. [EFFECTIVE JANUARY 1, 2007] IC 6-3.1-31, as**
 39 **added by this act, applies to taxable years beginning after**
 40 **December 31, 2006.**

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