

SENATE BILL No. 514

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-33.

Synopsis: Employee certification tax credit. Provides that when an employee receives certification of new knowledge or skills that results in the payment of higher wages to the employee, the employer is entitled to a tax credit against the employer's state tax liability for a taxable year if the employer pays certain qualified wages to the employee in the taxable year.

Effective: January 1, 2010.

Yoder, Stutzman

January 15, 2009, 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 2008 Regular Session of the General Assembly.

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SENATE BILL No. 514



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 6-3.1-33 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2010]:

4 **Chapter 33. Employee Certification Credit**

5 **Sec. 1. As used in this chapter, "certification" means a degree**
6 **or certificate that:**

- 7 (1) a certified training provider issues to an employee after
- 8 completing a course of training or education;
- 9 (2) the department of workforce development or an
- 10 appropriate industry organization recognizes as evidence of
- 11 an employee's acquisition of new knowledge or skills; and
- 12 (3) results in the payment of higher wages to an employee.

13 **Sec. 2. As used in this chapter, "certified training provider"**
14 **means an organization that provides a course of training or**
15 **education to an employee for which the employee receives a degree**
16 **or certificate.**

17 **Sec. 3. (a) As used in this chapter, "employee" means an**



1 **individual who:**
2 (1) is continuously employed for at least sixteen (16)
3 consecutive weeks during a taxable year;
4 (2) either:
5 (A) is employed for consideration for at least thirty-five
6 (35) hours each week; or
7 (B) renders any other standard of service specified by
8 contract or generally accepted by custom as full-time
9 employment; and
10 (3) receives a certification from a certified training provider.
11 (b) Notwithstanding subsection (a), the term does not include an
12 individual who has a direct or an indirect ownership interest of at
13 least five percent (5%) in the profits, capital, or value of the
14 individual's employer, as determined in accordance with Section
15 1563 of the Internal Revenue Code and regulations prescribed
16 under that Section.
17 **Sec. 4. (a)** As used in this chapter, "employer" means a taxpayer
18 that employs an employee and pays qualified wages to the
19 employee.
20 (b) Notwithstanding subsection (a), the term does not include a
21 taxpayer that:
22 (1) is a nonprofit corporation;
23 (2) is an educational institution; or
24 (3) requires a gaming license or permit to operate under
25 IC 4-31-5 or IC 4-33-6.
26 **Sec. 5.** As used in this chapter, "qualified wages" means the
27 difference between:
28 (1) wages paid by an employer to an employee after the
29 employee's certification; minus
30 (2) wages paid by an employer to an employee before the
31 employee's certification.
32 **Sec. 6.** As used in this chapter, "state tax liability" means a
33 taxpayer's total tax liability that is incurred under:
34 (1) IC 6-2.5 (state gross retail and use tax);
35 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
36 (3) IC 6-5.5 (the financial institutions tax); and
37 (4) IC 27-1-18-2 (the insurance premiums tax);
38 as computed after the application of the credits that under
39 IC 6-3.1-1-2 are to be applied before the credit provided by this
40 chapter.
41 **Sec. 7.** As used in this chapter, "taxpayer" means a person, a
42 corporation, a partnership, a limited liability corporation, a limited

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1 liability partnership, or any other entity that has any state tax
2 liability.

3 Sec. 8. (a) A taxpayer is entitled to a credit against the
4 taxpayer's state tax liability for a taxable year if the taxpayer pays
5 qualified wages in the taxable year.

6 (b) The amount of the credit to which a taxpayer is entitled
7 equals the product of fifty percent (50%) multiplied by all qualified
8 wages paid by the employer during the taxable year. However, the
9 credit amount claimed for a taxable year may not exceed the
10 taxpayer's state tax liability for the taxable year.

11 (c) If the amount of the credit to which a taxpayer is entitled
12 exceeds the taxpayer's state tax liability, the taxpayer may carry
13 the excess credit over to the following taxable years. The amount
14 of the credit carryover from a taxable year is reduced to the extent
15 that the taxpayer uses the carryover to obtain a credit under this
16 chapter for any subsequent taxable year.

17 (d) A taxpayer is not entitled to a carryback or refund of any
18 unused credit.

19 Sec. 9. To receive the credit under this chapter, a taxpayer must
20 claim the credit on the taxpayer's state tax return or returns in the
21 manner prescribed by the department of state revenue. The
22 taxpayer shall submit to the department of state revenue:

- 23 (1) proof of payment of qualified wages;
- 24 (2) proof of the certification of each employee to whom
25 qualified wages are paid; and
- 26 (3) all information that the department of state revenue
27 determines is necessary to:
 - 28 (A) calculate the credit under this chapter; or
 - 29 (B) determine whether wages are qualified wages. The
30 department of workforce development shall review a
31 determination under this clause.

32 SECTION 2. [EFFECTIVE JANUARY 1, 2010] IC 6-3.1-33, as
33 added by this act, applies only to taxable years beginning after
34 December 31, 2009.

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