



PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1008 be amended to read as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 6-3.1-35 IS ADDED TO THE INDIANA CODE
- 4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 5 JANUARY 1, 2018]:
- 6 **Chapter 35. Workforce Training Tax Credit**
- 7 **Sec. 1. This chapter applies to an eligible employer that employs**
- 8 **not more than two hundred fifty (250) employees.**
- 9 **Sec. 2. As used in this chapter, "approved program" means a**
- 10 **training program approved by the department of workforce**
- 11 **development.**
- 12 **Sec. 3. As used in this chapter, "department of workforce**
- 13 **development" means the department of workforce development**
- 14 **established by IC 22-4.1-2-1.**
- 15 **Sec. 4. As used in this chapter, "eligible employer" means an**
- 16 **employer that has at least one (1) employee and is legally doing**
- 17 **business in Indiana.**
- 18 **Sec. 5. As used in this chapter, "pass through entity" means:**
- 19 **(1) a corporation that is exempt from the adjusted gross**
- 20 **income tax under IC 6-3-2-2.8(2);**
- 21 **(2) a partnership;**
- 22 **(3) a trust;**

(4) a limited liability company; or

(5) a limited liability partnership.

Sec. 6. As used in this chapter, "state provider" means any of the following:

(1) A state agency (as defined by IC 4-13-1-1(b)).

(2) A state educational institution (as defined by IC 21-7-13-32).

(3) A school corporation (as defined by IC 20-18-2-16(a)), including a charter school (as defined by IC 20-24-1-4).

(4) A body corporate and politic created by statute.

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

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

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

(3) IC 27-1-18-2 (the insurance premiums tax);

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

Sec. 8. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 9. (a) As used in this chapter, "training expenses" means any of the following:

(1) An eligible employer's labor costs for employee time spent in:

(A) the receipt of instruction in an approved program;

(B) preparing for the receipt of instruction in an approved program; and

(C) other activities included in or related to the delivery of instruction in an approved program.

(2) Tuition paid by an eligible employer to a training provider conducting an approved program for an eligible employer.

(3) Facility costs paid by an eligible employer in providing an approved program.

(4) The cost of equipment:

(A) paid for by an eligible employer in providing an approved program; and

(B) not claimed as a charitable contribution by the eligible employer.

(5) Transportation costs paid by an eligible employer for a participant in an approved program to travel to and from the facility where the approved program is provided and the participant's workplace.

(b) The term does not include the following costs incurred by an eligible employer as the result of a participant who completes an approved program:

(1) Additional compensation earned by an incumbent employee.

(2) The compensation package earned by a new full-time employee.

Sec. 10. As used in this chapter, "training program" means a cooperative arrangement between an eligible employer and a training provider.

Sec. 11. As used in this chapter, "training provider" means any of the following:

(1) A state educational institution (as defined by IC 21-7-13-32).

(2) A postsecondary proprietary educational institution (as defined by IC 22-4.1-21-9).

(3) A career and technical education provider established by a governing body (as defined by IC 20-18-2-5) under IC 20-37.

Sec. 12. As used in this chapter, "workforce related program" has the meaning set forth in IC 22-4.1-1-7.

Sec. 13. The department of workforce development shall do the following:

(1) Evaluate a taxpayer's training program for the taxpayer's eligibility for a tax credit under this chapter.

(2) Certify the eligibility of taxpayers that meet the requirements for a tax credit under this chapter.

(3) Certify the information required under section 14 of this chapter.

Sec. 14. (a) A taxpayer is entitled to a credit against the taxpayer's state tax for the taxable year in which the training expenses are incurred, if the following conditions, as certified by the department of workforce development, are satisfied:

(1) The taxpayer is an eligible employer.

(2) The taxpayer offers a training program.

(3) The taxpayer incurs training expenses.

(4) The training program provides one (1) of the following outcomes to at least one (1) participant completing the training program:

(A) A participant who is an incumbent employee receives:

(i) an industry level certification; and

(ii) additional compensation from the eligible employer equal to at least five percent (5%) of the incumbent employee's compensation before the beginning of the training program.

(B) A participant who is not an incumbent employee receives full-time employment with the eligible employer in a high wage, high demand job, as defined in the department's labor market report described in IC 22-4.1-4-9.

(b) The credit allowed under subsection (a) is equal to the amount determined under section 15 of this chapter.

Sec. 15. (a) Subject to subsections (b) and (c), the amount of the

credit to which the taxpayer is entitled under section 14 of this chapter is the lesser of:

- (1) fifty percent (50%) of the amount of the taxpayer's training expenses in the taxable year; or
- (2) twenty-five thousand dollars (\$25,000).

(b) Whenever a taxpayer sends an incumbent employee to an existing training program, the maximum amount of the credit to which the taxpayer is entitled for the training is two thousand five hundred dollars (\$2,500) per employee.

(c) The credit to which a taxpayer is entitled under subsection (a) may not reduce the taxpayer's state tax liability below the amount of the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer first incurred training expenses.

Sec. 16. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department the department of workforce development's certification of the following information:

- (1) Proof of the taxpayer's training expenses.
- (2) Proof of the outcomes described in section 14(a)(4) of this chapter for at least one (1) participant completing a training program offered by the taxpayer.
- (3) All other information that the department of workforce development determines is necessary to calculate the credit provided by this chapter.

Sec. 17. (a) For the calendar year that begins after December 31, 2017, the total amount of tax credits that may be awarded under this chapter is determined in STEP TWO of the following formula:

STEP ONE: Determine the difference between:

- (i) the fiscal year 2017 state expenditures; and
- (ii) the fiscal year 2018 appropriations included in the state budget enacted during the 2017 session of the general assembly;

for each state provider that operates a workforce related program.

STEP TWO: Determine the sum of the STEP ONE results.

(b) For the calendar year that begins after December 31, 2018, the total amount of tax credits that may be awarded under this chapter is determined in STEP TWO of the following formula:

STEP ONE: Determine the difference between:

- (i) the fiscal year 2017 state expenditures; and
- (ii) the fiscal year 2019 appropriations included in the state budget enacted during the 2017 session of the general assembly;

for each state provider that operates a workforce related

1 program.

2 **STEP TWO: Determine the sum of the STEP ONE results.**

3 (c) The department shall record the time of filing of each
4 application of a tax credit under this chapter for a particular
5 calendar year and shall approve the applications, if they otherwise
6 qualify for a tax credit under this chapter, in chronological order
7 in which the applications are filed. When the total amount of tax
8 credit approved equals the maximum amount allowable in a
9 calendar year under subsection (a) or (b), no application filed
10 thereafter for the same calendar year may be approved. The
11 department may, if the applicant requests, approve a tax credit
12 application, in whole or in part, for the next succeeding calendar
13 year.

14 Sec. 18. (a) If the credit provided by this chapter exceeds the
15 taxpayer's state tax liability for the taxable year for which the
16 credit is first claimed, the excess may be carried forward to
17 succeeding taxable years and used as a credit against the
18 taxpayer's state tax liability during those taxable years. Each time
19 that the credit is carried forward to a succeeding taxable year, the
20 credit is to be reduced by the amount that was used as a credit
21 during the immediately preceding taxable year. The credit
22 provided by this chapter may be carried forward and applied to
23 succeeding taxable years for nine (9) consecutive taxable years
24 following the unused credit year.

25 (b) A taxpayer is not entitled to any carryback or refund of any
26 unused credit.

27 Sec. 19. If a pass through entity is entitled to a credit under
28 section 14 of this chapter but does not have state tax liability
29 against which the tax credit may be applied, a shareholder,
30 partner, or member of the pass through entity is entitled to a tax
31 credit equal to:

32 (1) the tax credit determined for the pass through entity for
33 the taxable year; multiplied by

34 (2) the percentage of the pass through entity's distributive
35 income to which the shareholder, partner, or member is
36 entitled.

37 **Sec. 20. This chapter expires December 31, 2020."**

38 Renumber all SECTIONS consecutively.

(Reference is to HB 1008 as printed February 21, 2017.)

Representative Austin