

# HOUSE BILL No. 1031

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-37.

**Synopsis:** Credit for donation to volunteer fire department. Provides for a credit, not to exceed \$100,000, against a taxpayer's state tax liability in an amount equal to the taxpayer's donation to a county volunteer fire department fund. Provides that the credit may be carried forward for 10 years.

**Effective:** July 1, 2024.

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January 9, 2023, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 123rd General Assembly (2023)

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 2022 Regular Session of the General Assembly.

# HOUSE BILL No. 1031

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 6-3.1-37 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2024]:

4 **Chapter 37. Volunteer Fire Department Donation Tax Credit**  
5 **Sec. 1. This chapter applies only to taxable years beginning after**  
6 **December 31, 2023.**

7 **Sec. 2. As used in this chapter, "county volunteer fire**  
8 **department fund" means a volunteer fire department fund**  
9 **described in section 7 of this chapter.**

10 **Sec. 3. As used in this chapter, "qualified donation" means:**

11 **(1) in the case of a taxpayer that is an individual, a donation**  
12 **made by the taxpayer to a county volunteer fire department**  
13 **fund in the taxpayer's county of residence; or**

14 **(2) in the case of a taxpayer that is a corporation, limited**  
15 **liability company, partnership, or other entity, a donation**  
16 **made by the taxpayer to a county volunteer fire department**  
17 **fund in the county where the taxpayer maintains an**



1 established regular, continuous, and fixed place of business.

2 **Sec. 4. As used in this chapter, "state tax liability" means a**  
3 **qualified taxpayer's total tax liability that is incurred under:**

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

5 (2) IC 27-1-18-2 (the insurance premiums tax) or IC 6-8-15  
6 (the nonprofit agricultural organization health coverage tax);

7 and

8 (3) IC 6-5.5 (the financial institutions 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. 5. As used in this chapter, "taxpayer" means an individual,**  
13 **corporation, limited liability company, partnership, or other entity**  
14 **that has any state tax liability.**

15 **Sec. 6. As used in this chapter, "volunteer fire department" has**  
16 **the meaning set forth in IC 36-8-12-2.**

17 **Sec. 7. (a) A county treasurer may establish a county volunteer**  
18 **fire department fund for the purpose of receiving qualified**  
19 **donations from taxpayers.**

20 (b) The county treasurer shall administer the fund.

21 (c) The county treasurer shall pay the expenses of administering  
22 the fund from money in the fund.

23 (d) The county treasurer shall, before January 31 of the  
24 calendar year following the calendar year in which the qualified  
25 donations to the fund were received:

26 (1) allocate the total balance of the fund as of December 31 of  
27 the year in which the donations to the fund were received  
28 equally among the volunteer fire departments located within  
29 the county; and

30 (2) distribute the allocated funds equally among volunteer fire  
31 departments located within the county.

32 **Sec. 8. A taxpayer is entitled to a credit against the qualified**  
33 **taxpayer's state tax liability for a taxable year for an amount**  
34 **donated to a county volunteer fire department fund in an amount**  
35 **not to exceed the lesser of:**

36 (1) the actual amount donated; or

37 (2) one hundred thousand dollars (\$100,000).

38 **Sec. 9. If a pass through entity is entitled to a credit under**  
39 **section 8 of this chapter but does not have state tax liability against**  
40 **which the tax credit may be applied, a shareholder, partner,**  
41 **member, or beneficiary of the pass through entity is entitled to a**  
42 **tax credit equal to:**



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

3           (2) the percentage of the pass through entity's distributive  
4           income to which the shareholder, partner, member, or  
5           beneficiary is entitled.

6           **Sec. 10.** To receive the credit provided by this chapter, a  
7           taxpayer must claim the credit on the taxpayer's state tax return  
8           or returns in the manner prescribed by the department.

9           **Sec. 11. (a)** The amount of the credit provided by this chapter  
10          that a taxpayer uses during a particular taxable year may not  
11          exceed the state tax liability of the taxpayer.

12          **(b)** If the amount determined under section 8 of this chapter for  
13          a particular taxpayer and a particular taxable year exceeds the  
14          taxpayer's state tax liability for that taxable year, then the  
15          taxpayer may carry the excess over to the immediately succeeding  
16          taxable years. The credit carryover may not be used for any  
17          taxable year that begins more than ten (10) years after the date on  
18          which the donation from which the credit results is made. The  
19          amount of the credit carryover from a taxable year shall be  
20          reduced to the extent that the carryover is used by the taxpayer to  
21          obtain a credit under this chapter for any subsequent taxable year.

22          **(c)** A qualified taxpayer is not entitled to a carryback or refund  
23          of any unused credit.

