



February 22, 2024

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# ENGROSSED SENATE BILL No. 260

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DIGEST OF SB 260 (Updated February 21, 2024 5:20 pm - DI 125)

**Citations Affected:** IC 4-4; IC 6-3.1.

**Synopsis:** Neighborhood and individual development incentives. Defines a "community based organization" as a private, nonprofit corporation whose board of directors is comprised of business, civic, and community leaders, and whose principal purpose includes the provision of low income housing. (Current law limits administration, through a financial institution, of an account to community development corporations.) Provides that: (1) the first \$1,500 (rather than \$800) is eligible for a state deposit in an individual's account; (2) the allocation, for each account that has been established, for not more than five years, is \$3 for each \$1 of the first \$1,500 (rather than the first \$400) an individual deposited into the individual's account; and (3) the amount of the allocation may not exceed \$4,500 (rather than \$2,400) for each account. Makes various changes to the administration of and procedure for claiming the neighborhood assistance tax credit and the individual development account tax credit. Removes a reference to an obsolete tax.

**Effective:** July 1, 2024.

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**Becker, Leising, Randolph Lonnie M,  
Tomes**

(HOUSE SPONSORS — MANNING, LEDBETTER, PORTER)

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January 16, 2024, read first time and referred to Committee on Tax and Fiscal Policy.  
January 30, 2024, reported favorably — Do Pass.  
February 1, 2024, read second time, amended, ordered engrossed.  
February 2, 2024, engrossed.  
February 5, 2024, read third time, passed. Yeas 48, nays 0.

HOUSE ACTION

February 12, 2024, read first time and referred to Committee on Ways and Means.  
February 22, 2024, amended, reported — Do Pass.

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ES 260—LS 6546/DI 129





February 22, 2024

Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 260

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 4-4-28-1.7 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2024]: **Sec. 1.7. (a) As used in this chapter, "community based  
4 organization" means a private, nonprofit corporation whose board  
5 of directors is comprised of business, civic, and community leaders,  
6 and whose principal purpose includes the provision of low income  
7 housing.**

8 **(b) A community based organization shall not be construed to  
9 have the same powers as a community development corporation.**

10 SECTION 2. IC 4-4-28-4 IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2024]: Sec. 4. As used in this chapter, "fund"  
12 refers to an individual development account fund established by a  
13 community development corporation **or community based  
14 organization** under section 13 of this chapter.

15 SECTION 3. IC 4-4-28-5, AS AMENDED BY P.L.50-2016,  
16 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
17 JULY 1, 2024]: Sec. 5. As used in this chapter, "individual

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1 development account" means an account in a financial institution  
 2 administered by a community development corporation **or community**  
 3 **based organization** that allows a qualifying individual to deposit  
 4 money:

5 (1) to be matched by the state, financial institutions, corporations,  
 6 and other entities; and

7 (2) that will be used by the qualifying individual for one (1) or  
 8 more of the following:

9 (A) To pay for costs (including tuition, laboratory costs, books,  
 10 computer costs, and other costs associated with attendance) at  
 11 an accredited postsecondary educational institution or a  
 12 vocational school that is not a postsecondary educational  
 13 institution, for the individual or for a dependent of the  
 14 individual.

15 (B) To pay for the costs (including tuition, laboratory costs,  
 16 books, computer costs, and other costs) associated with an  
 17 accredited or a licensed training program that may lead to  
 18 employment for the individual or for a dependent of the  
 19 individual.

20 (C) To purchase a primary residence located in Indiana for the  
 21 individual or for a dependent of the individual or to reduce the  
 22 principal amount owed on a primary residence located in  
 23 Indiana that was purchased by the individual or a dependent of  
 24 the individual with money from an individual development  
 25 account.

26 (D) To pay for the rehabilitation (as defined in IC 6-3.1-11-11)  
 27 of the individual's primary residence located in Indiana.

28 (E) To begin or to purchase part or all of a business based in  
 29 Indiana or to expand an existing small business based in  
 30 Indiana.

31 (F) Subject to section 8(b) of this chapter, to purchase a motor  
 32 vehicle.

33 SECTION 4. IC 4-4-28-7, AS AMENDED BY P.L.50-2016,  
 34 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 35 JULY 1, 2024]: Sec. 7. (a) A qualifying individual, including an  
 36 individual who:

37 (1) established an individual development account under this  
 38 chapter before July 1, 2001; and

39 (2) held the account described in subdivision (1) for less than four  
 40 (4) years;

41 may establish an account by applying at a community development  
 42 corporation **or community based organization** after June 30, 2001.



1 (b) At the time of establishing an account under this section, the  
2 qualifying individual must name a beneficiary to replace the qualifying  
3 individual as the holder of the account if the qualifying individual dies.  
4 If the beneficiary:

5 (1) is a member of the qualifying individual's family, all funds in  
6 the account remain in the account; and

7 (2) is not a member of the qualifying individual's family, all funds  
8 in the account provided by the state revert to the state.

9 The qualifying individual may change the name of the beneficiary at  
10 the qualifying individual's discretion. A beneficiary who becomes the  
11 holder of an account under this subsection is subject to this chapter and  
12 rules adopted under this chapter regarding withdrawals from the  
13 account.

14 (c) Only one (1) member of a qualifying individual's household may  
15 establish an account.

16 (d) A qualifying individual shall maintain residency in Indiana until  
17 the individual development account is closed.

18 SECTION 5. IC 4-4-28-8, AS AMENDED BY P.L.50-2016,  
19 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20 JULY 1, 2024]: Sec. 8. (a) A community development corporation **and**  
21 **community based organization** shall do the following:

22 (1) Determine whether an individual who wants to establish an  
23 account is a qualifying individual.

24 (2) Administer, through a financial institution, and act as trustee  
25 for each account established through the community development  
26 corporation **or community based organization**.

27 (3) Approve or deny an individual's request to make a withdrawal  
28 from the individual's account.

29 (4) Provide or arrange for training in money management,  
30 budgeting, and related topics for each individual who establishes  
31 an account.

32 (b) A community development corporation **or community based**  
33 **organization** may approve a qualifying individual's request to make a  
34 withdrawal from an account to purchase a motor vehicle if the purpose  
35 of the purchase is primarily to transport the individual to and from  
36 work, postsecondary education, or an accredited or licensed training  
37 program intended to lead to employment of the individual or a  
38 dependent of the individual.

39 SECTION 6. IC 4-4-28-9, AS AMENDED BY P.L.150-2007,  
40 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
41 JULY 1, 2024]: Sec. 9. (a) An individual may deposit money from the  
42 individual's earned income into the individual's account.



1 (b) An individual may deposit an unlimited amount of money into  
 2 the individual's account, ~~However, only eight hundred of which the~~  
 3 **first one thousand five hundred** dollars ~~(\$800)~~ **(\$1,500)** annually is  
 4 eligible for a state deposit as provided in section 12 of this chapter.

5 SECTION 7. IC 4-4-28-10, AS AMENDED BY P.L.150-2007,  
 6 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2024]: Sec. 10. (a) Not more than eight hundred (800)  
 8 accounts may be established in the state each state fiscal year  
 9 beginning before July 1, 2009.

10 (b) Not more than one thousand (1,000) accounts may be  
 11 established in the state each state fiscal year beginning after June 30,  
 12 2009.

13 (c) A community development corporation **and community based**  
 14 **organization** shall use money that is in an individual development  
 15 account fund established under section 13 of this chapter to allow a  
 16 qualified individual on a waiting list maintained by the community  
 17 development corporation **or community based organization** to  
 18 establish an account.

19 SECTION 8. IC 4-4-28-11, AS AMENDED BY P.L.1-2007,  
 20 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JULY 1, 2024]: Sec. 11. (a) Each community development corporation  
 22 **and community based organization** shall annually provide the  
 23 authority with information needed to determine:

24 (1) the number of accounts administered by the community  
 25 development corporation **or community based organization;**

26 (2) the length of time each account under subdivision (1) has been  
 27 established; and

28 (3) the amount of money an individual has deposited into each  
 29 account under subdivision (1). ~~during the preceding twelve (12)~~  
 30 ~~months.~~

31 (b) The authority shall use the information provided under  
 32 subsection (a) to deposit the correct amount of money into each  
 33 account as provided in section 12 of this chapter.

34 SECTION 9. IC 4-4-28-12, AS AMENDED BY P.L.50-2016,  
 35 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2024]: Sec. 12. (a) The authority shall allocate, for each  
 37 account that has been established, for not more than five (5) years,  
 38 three dollars (\$3) for each one dollar (\$1) of the first ~~four one~~  
 39 **thousand five** hundred dollars ~~(\$400)~~ **(\$1,500)** an individual deposited  
 40 into the individual's account. ~~during the preceding twelve (12) months.~~  
 41 However, if the amount appropriated by the general assembly is  
 42 insufficient to make the deposits required by this section for accounts



1 that have been established, the authority shall proportionately reduce  
 2 the amounts allocated to and deposited into each account. ~~The authority~~  
 3 ~~may allocate three dollars (\$3) for each one dollar (\$1) of any part of~~  
 4 ~~an amount above four hundred dollars (\$400) an individual deposited~~  
 5 ~~into the individual's account during the preceding twelve (12) months.~~  
 6 However, The authority's allocation under this subsection may not  
 7 exceed ~~two four thousand four five~~ hundred dollars ~~(\$2,400) (\$4,500)~~  
 8 for each account described in this subsection.

9 (b) The authority shall deposit into each account established under  
 10 this chapter the appropriate amount of money determined under this  
 11 section.

12 (c) Money from a federal block grant program under Title IV-A of  
 13 the federal Social Security Act may be used by the state to provide  
 14 money under this section for deposit into an account held by an  
 15 individual who receives assistance under IC 12-14-2.

16 SECTION 10. IC 4-4-28-13, AS AMENDED BY P.L.50-2016,  
 17 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 2024]: Sec. 13. (a) Each community development corporation  
 19 **and community based organization** may apply to the authority for an  
 20 allocation of tax credits under IC 6-3.1-18 for the contributors to a fund  
 21 established under this section. A community development corporation  
 22 **and community based organization** may establish an individual  
 23 development account fund to provide money to be used to finance  
 24 additional accounts to be administered by the community development  
 25 corporation **or community based organization** under this chapter and  
 26 to help pay for the community development corporation's **or**  
 27 **community based organization's** expenses related to the  
 28 administration of accounts.

29 (b) Each community development corporation **and community**  
 30 **based organization** shall encourage individuals, financial institutions,  
 31 corporations, and other entities to contribute to the fund. A contributor  
 32 to the fund may qualify for a tax credit as provided under IC 6-3.1-18.

33 (c) Each community development corporation **and community**  
 34 **based organization** may use up to twenty percent (20%) of the first  
 35 one hundred thousand dollars (\$100,000) deposited each calendar year  
 36 in the fund under subsection (b) to help pay for the community  
 37 development corporation's **or community based organization's**  
 38 expenses related to the administration of accounts established under  
 39 this chapter. All deposits in the fund under subsection (b) of more than  
 40 one hundred thousand dollars (\$100,000) during each calendar year  
 41 may be used only to fund accounts administered by the community  
 42 development corporation **or community based organization** under



1 this chapter.

2 (d) A community development corporation **or community based**  
 3 **organization** may allow an individual to establish a new account as  
 4 adequate funding becomes available.

5 (e) Only money from the fund may be used to make the deposit  
 6 described in subsection (f) into an account established under this  
 7 section.

8 (f) The community development corporation **or community based**  
 9 **organization** shall annually deposit at least three dollars (\$3) into each  
 10 account for each one dollar (\$1) an individual has deposited into the  
 11 individual's account as of June 30.

12 (g) A community development corporation **or community based**  
 13 **organization** may not allow a qualifying individual to establish an  
 14 account if the community development corporation **or community**  
 15 **based organization** does not have adequate funds to deposit into the  
 16 account under subsection (f).

17 SECTION 11. IC 4-4-28-15, AS AMENDED BY P.L.1-2007,  
 18 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2024]: Sec. 15. (a) An individual must request and receive  
 20 authorization from the community development corporation **or**  
 21 **community based organization** that administers the individual's  
 22 account before withdrawing money from the account for any purpose.

23 (b) An individual who is denied authorization to withdraw money  
 24 under subsection (a) may appeal the community development  
 25 corporation's **or community based organization's** decision to the  
 26 authority under rules adopted by the authority under IC 4-22-2.

27 SECTION 12. IC 4-4-28-16, AS AMENDED BY P.L.50-2016,  
 28 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 2024]: Sec. 16. (a) Money withdrawn from an individual's  
 30 account is not subject to taxation under IC 6-3-1 through IC 6-3-7 if the  
 31 money is used for at least one (1) of the following:

32 (1) To pay for costs (including tuition, laboratory costs, books,  
 33 computer costs, and other costs) at an accredited postsecondary  
 34 educational institution or a vocational school that is not a  
 35 postsecondary educational institution for the individual or for a  
 36 dependent of the individual.

37 (2) To pay for the costs (including tuition, laboratory costs, books,  
 38 computer costs, and other costs) associated with an accredited or  
 39 a licensed training program that may lead to employment for the  
 40 individual or for a dependent of the individual.

41 (3) To purchase a primary residence located in Indiana for the  
 42 individual or for a dependent of the individual or to reduce the





1 principal amount owed on a primary residence located in Indiana  
 2 that was purchased by the individual or a dependent of the  
 3 individual with money from an individual development account.

4 (4) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of  
 5 the individual's primary residence located in Indiana.

6 (5) To begin or to purchase part or all of a business based in  
 7 Indiana or to expand an existing small business based in Indiana.

8 (6) Subject to section 8(b) of this chapter, to purchase a motor  
 9 vehicle.

10 (b) At the time of requesting authorization under section 15 of this  
 11 chapter to withdraw money from an individual's account under  
 12 subsection (a)(5), the individual must provide the community  
 13 development corporation **or community based organization** with a  
 14 business plan that:

15 (1) has been approved by a financial institution or is approved by  
 16 the community development corporation **or community based**  
 17 **organization;**

18 (2) includes a description of services or goods to be sold, a  
 19 marketing plan, and projected financial statements; and

20 (3) may require the individual to obtain the assistance of an  
 21 experienced business advisor.

22 SECTION 13. IC 4-4-28-18, AS AMENDED BY P.L.1-2007,  
 23 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2024]: Sec. 18. (a) Each community development corporation  
 25 **and community based organization** shall annually:

26 (1) evaluate the individual development accounts administered by  
 27 the community development corporation **or community based**  
 28 **organization;** and

29 (2) submit a report containing the evaluation information to the  
 30 authority.

31 (b) Two (2) or more community development corporations **and**  
 32 **community based organizations** may work together in carrying out  
 33 the purposes of this chapter.

34 SECTION 14. IC 6-3.1-9-1, AS AMENDED BY P.L.166-2014,  
 35 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2024]: Sec. 1. (a) As used in this chapter, "authority" means  
 37 the Indiana housing and community development authority established  
 38 by IC 5-20-1-3.

39 (b) As used in this chapter, "business firm" means any business  
 40 entity authorized to do business in the state of Indiana that has state tax  
 41 liability.

42 (c) As used in this chapter, "community services" means any type



- 1 of:
- 2 (1) counseling and advice;
- 3 (2) emergency assistance;
- 4 (3) medical care;
- 5 (4) recreational facilities;
- 6 (5) housing facilities; or
- 7 (6) economic development assistance;
- 8 provided to individuals, economically disadvantaged households,
- 9 groups, or neighborhood organizations in an economically
- 10 disadvantaged area or provided to individuals who are ex-offenders
- 11 who have completed the individuals' criminal sentences or are serving
- 12 a term of probation or parole.
- 13 (d) As used in this chapter, "crime prevention" means any activity
- 14 which aids in the reduction of crime in an economically disadvantaged
- 15 area or an economically disadvantaged household.
- 16 (e) As used in this chapter, "economically disadvantaged area"
- 17 means an enterprise zone, or any other federally or locally designated
- 18 economically disadvantaged area in Indiana. The certification shall be
- 19 made on the basis of current indices of social and economic conditions,
- 20 which shall include but not be limited to the median per capita income
- 21 of the area in relation to the median per capita income of the state or
- 22 standard metropolitan statistical area in which the area is located.
- 23 (f) As used in this chapter, "economically disadvantaged household"
- 24 means a household with an annual income that is at or below eighty
- 25 percent (80%) of the area median income or any other federally
- 26 designated target population.
- 27 (g) As used in this chapter, "education" means any type of scholastic
- 28 instruction or scholarship assistance to an individual who:
- 29 (1) resides in an economically disadvantaged area; or
- 30 (2) is an ex-offender who has completed the individual's criminal
- 31 sentence or is serving a term of probation or parole;
- 32 that enables the individual to prepare for better life opportunities.
- 33 (h) As used in this chapter, "enterprise zone" means an enterprise
- 34 zone created under IC 5-28-15.
- 35 (i) As used in this chapter, "job training" means any type of
- 36 instruction to an individual who:
- 37 (1) resides in:
- 38 (A) an economically disadvantaged area; or
- 39 (B) an economically disadvantaged household; or
- 40 (2) is an ex-offender who has completed the individual's criminal
- 41 sentence or is serving a term of probation or parole;
- 42 that enables the individual to acquire vocational skills so that the



1 individual can become employable or be able to seek a higher grade of  
2 employment.

3 (j) As used in this chapter, "neighborhood assistance" means either:

- 4 (1) furnishing financial assistance, labor, material, and technical  
5 advice to aid in the physical or economic improvement of any part  
6 or all of an economically disadvantaged area; or  
7 (2) furnishing technical advice to promote higher employment in  
8 any neighborhood in Indiana.

9 (k) As used in this chapter, "neighborhood organization" means any  
10 organization, including but not limited to a nonprofit development  
11 corporation doing both of the following:

12 (1) Performing community services:

- 13 (A) in an economically disadvantaged area;  
14 (B) for an economically disadvantaged household; or  
15 (C) for individuals who are ex-offenders who have completed  
16 the individuals' criminal sentences or are serving a term of  
17 probation or parole.

18 (2) Holding a ruling:

- 19 (A) from the Internal Revenue Service of the United States  
20 Department of the Treasury that the organization is exempt  
21 from income taxation under the provisions of the Internal  
22 Revenue Code; and  
23 (B) from the department of state revenue that the organization  
24 is exempt from income taxation under IC 6-2.5-5-21.

25 (l) As used in this chapter, "person" means any individual subject  
26 to Indiana ~~gross or~~ adjusted gross income tax.

27 (m) As used in this chapter, "state fiscal year" means a twelve (12)  
28 month period beginning on July 1 and ending on June 30.

29 (n) As used in this chapter, "state tax liability" means the taxpayer's  
30 total tax liability that is incurred under:

- 31 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); and  
32 (2) IC 6-5.5 (the financial institutions tax);

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

36 (o) As used in this chapter, "tax credit" means a deduction from any  
37 tax otherwise due and payable under IC 6-3 or IC 6-5.5.

38 SECTION 15. IC 6-3.1-9-2, AS AMENDED BY P.L.166-2014,  
39 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
40 JULY 1, 2024]: Sec. 2. (a) **Each state fiscal year**, a **business firm** or  
41 **a person who contributes** to a neighborhood organization that engages  
42 in the activities of providing:



1 (1) neighborhood assistance, job training, or education for  
 2 individuals not employed by the business firm or person;

3 (2) community services or crime prevention in an economically  
 4 disadvantaged area; or

5 (3) community services, education, or job training services to  
 6 individuals who are ex-offenders who have completed the  
 7 individuals' criminal sentences or are serving a term of probation  
 8 or parole;

9 shall receive a tax credit as provided in section 3 of this chapter if the  
 10 authority approves the proposal of the business firm or person; setting  
 11 forth the program to be conducted; the area selected; the estimated  
 12 amount to be invested in the program; and the plans for implementing  
 13 the program. **may apply to the authority for an allocation of state  
 14 tax credits available under this chapter to be used to provide a tax  
 15 credit to a business firm or person that contributes to a program  
 16 involving one (1) or more of the activities described in subdivisions  
 17 (1) through (3).**

18 (b) The authority, after consultation with ~~the community services~~  
 19 ~~agency and~~ the commissioner of revenue, may adopt rules for the  
 20 approval or disapproval of these ~~proposals~~. **applications.**

21 (c) **A business firm or a person that contributes to the fund of a  
 22 neighborhood organization that has been approved by the  
 23 authority for an allocation of tax credits as described in subsection  
 24 (a) shall receive a tax credit as provided in section 3 of this chapter  
 25 if the neighborhood organization has agreed to issue a portion of  
 26 the tax credits allocated to the neighborhood organization by the  
 27 authority to the business firm or person.**

28 SECTION 16. IC 6-3.1-9-3 IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 3. (a) Subject to the  
 30 limitations provided in subsection (b) and sections 4, 5, and 6 of this  
 31 chapter, the department shall grant a tax credit against any state tax  
 32 liability due equal to fifty percent (50%) of the amount ~~invested~~  
 33 **contributed** by a business firm or person in a program the ~~proposal~~  
 34 **application** for which was approved under section 2 of this chapter.

35 (b) The credit provided by this chapter shall only be applied against  
 36 any state tax liability owed by the taxpayer after the application of any  
 37 credits, which under IC 6-3.1-1-2 must be applied before the credit  
 38 provided by this chapter. In addition, the tax credit which a taxpayer  
 39 receives under this chapter may not exceed twenty-five thousand  
 40 dollars (\$25,000) for any taxable year of the taxpayer.

41 (c) If a business firm that is:

42 (1) exempt from adjusted gross income tax (IC 6-3-1 through



1 IC 6-3-7) under IC 6-3-2-2.8(2); or  
 2 (2) a partnership;  
 3 does not have any tax liability against which the credit provided by this  
 4 section may be applied, a shareholder or a partner of the business firm  
 5 is entitled to a credit against the shareholder's or the partner's liability  
 6 under the adjusted gross income tax.

7 (d) The amount of the credit provided by this section is equal to:  
 8 (1) the tax credit determined for the business firm for the taxable  
 9 year under subsection (a); multiplied by  
 10 (2) the percentage of the business firm's distributive income to  
 11 which the shareholder or the partner is entitled.

12 The credit provided by this section is in addition to any credit to which  
 13 a shareholder or partner is otherwise entitled under this chapter.  
 14 However, a business firm and a shareholder or partner of that business  
 15 firm may not claim a credit under this chapter for the same ~~investment~~  
 16 **contribution.**

17 SECTION 17. IC 6-3.1-9-4, AS AMENDED BY P.L.1-2007,  
 18 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2024]: Sec. 4. (a) **The neighborhood organization, on**  
 20 **behalf of** any business firm or person which desires to claim a tax  
 21 credit as provided in this chapter, shall file with the ~~department~~  
 22 **authority**, in the form that the ~~department authority~~ may prescribe, ~~an~~  
 23 **application documentation** stating the amount of the contribution ~~or~~  
 24 ~~investment which it proposes to make which that~~ would qualify for a  
 25 tax credit, and the amount ~~sought~~ **allocated to the business firm or**  
 26 **person** to be claimed as a credit. ~~The application shall include a~~  
 27 ~~certificate evidencing approval of the contribution or program by the~~  
 28 ~~authority.~~

29 (b) The authority shall give priority in issuing ~~certificates~~ **tax**  
 30 **credits** to ~~applicants~~ **neighborhood organizations** whose  
 31 ~~contributions~~ or programs directly benefit enterprise zones.

32 (c) The department shall promptly notify ~~an applicant~~ **a business**  
 33 **firm or person** whether, or the extent to which, the tax credit is  
 34 allowable in the state fiscal year in which the ~~application~~ **tax return**  
 35 **claiming the credit** is filed, as provided in section 5 of this chapter. ~~If~~  
 36 ~~the credit is allowable in that state fiscal year, the applicant shall within~~  
 37 ~~thirty (30) days after receipt of the notice file with the department of~~  
 38 ~~state revenue a statement, in the form and accompanied by the proof of~~  
 39 ~~payment as the department may prescribe, setting forth that the amount~~  
 40 ~~to be claimed as a credit under this chapter has been paid to an~~  
 41 ~~organization for an approved program or purpose, or permanently set~~  
 42 ~~aside in a special account to be used solely for an approved program or~~



1 purpose:

2 (d) The department may disallow any credit claimed under this  
 3 chapter for which the statement or proof of payment is not filed within  
 4 the thirty (30) day period: **shall consider documentation from the**  
 5 **authority as proof of payment, setting forth that the amount to be**  
 6 **claimed as a credit under this chapter has been paid to an**  
 7 **organization for an approved program or purpose, or permanently**  
 8 **set aside in a special account to be used solely for an approved**  
 9 **program or purpose.**

10 SECTION 18. IC 6-3.1-9-5 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 5. (a) The amount of  
 12 tax credits allowed under this chapter may not exceed two million five  
 13 hundred thousand dollars (\$2,500,000) in the state fiscal year  
 14 beginning July 1, 1997, and ending June 30, 1998, and each state fiscal  
 15 year thereafter.

16 (b) The department shall record the time of filing of each  
 17 application for allowance of a credit ~~required tax return claiming the~~  
 18 **credit** under section 4 of this chapter and shall approve the  
 19 applications; ~~credit if they the business firm or person otherwise~~  
 20 ~~qualify~~ **qualifies** for a tax credit under this chapter, in the chronological  
 21 order in which the ~~applications are tax return claiming the credit is~~  
 22 filed in the state fiscal year.

23 (c) When the total credits approved under this section equal the  
 24 maximum amount allowable in any state fiscal year, no ~~application~~  
 25 **credits** thereafter filed for that same fiscal year shall be approved.  
 26 However, if any applicant for whom a credit has been approved fails to  
 27 file the statement of proof of payment required under section 4 of this  
 28 chapter, an amount equal to the credit previously allowed or set aside  
 29 for the applicant may be allowed to any subsequent applicant in the  
 30 year. In addition, the department may, if the applicant so requests,  
 31 approve a credit application, in whole or in part, with respect to the  
 32 next succeeding state fiscal year.

33 SECTION 19. IC 6-3.1-18-0.3 IS ADDED TO THE INDIANA  
 34 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 35 [EFFECTIVE JULY 1, 2024]: **Sec. 0.3. As used in this chapter,**  
 36 **"authority" means the Indiana housing and community**  
 37 **development authority established by IC 5-20-1-3.**

38 SECTION 20. IC 6-3.1-18-0.5 IS ADDED TO THE INDIANA  
 39 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 40 [EFFECTIVE JULY 1, 2024]: **Sec. 0.5. As used in this chapter,**  
 41 **"business firm" means any business entity authorized to do**  
 42 **business in the state of Indiana that has state tax liability.**



1 SECTION 21. IC 6-3.1-18-0.7 IS ADDED TO THE INDIANA  
 2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 2024]: **Sec. 0.7. As used in this chapter,**  
 4 **"community based organization" has the meaning set forth in**  
 5 **IC 4-4-28-1.7.**

6 SECTION 22. IC 6-3.1-18-2 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 2. As used in this  
 8 chapter, "fund" refers to an individual development account fund  
 9 established by a community development corporation **or community**  
 10 **based organization** under IC 4-4-28-13.

11 SECTION 23. IC 6-3.1-18-4.3 IS ADDED TO THE INDIANA  
 12 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 13 [EFFECTIVE JULY 1, 2024]: **Sec. 4.3. As used in this chapter,**  
 14 **"person" means any individual subject to Indiana adjusted gross**  
 15 **income tax.**

16 SECTION 24. IC 6-3.1-18-4.5, AS ADDED BY P.L.50-2016,  
 17 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 2024]: Sec. 4.5. As used in this chapter, "qualified  
 19 contribution" means a contribution to a fund for which a community  
 20 development corporation **or community based organization** has  
 21 received an allocation of tax credits under IC 4-4-28-13.

22 SECTION 25. IC 6-3.1-18-6, AS AMENDED BY P.L.50-2016,  
 23 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2024]: Sec. 6. (a) Subject to the limitations provided in  
 25 subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the  
 26 department shall grant a tax credit against any state tax liability due  
 27 equal to fifty percent (50%) of the amount of a qualified contribution  
 28 made in a taxable year by a **business firm or person or an individual**  
 29 if the qualified contribution is not less than one hundred dollars (\$100)  
 30 and not more than fifty thousand dollars (\$50,000).

31 (b) The credit provided by this chapter shall only be applied against  
 32 any state tax liability owed by the taxpayer after the application of any  
 33 credits that under IC 6-3.1-1-2 must be applied before the credit  
 34 provided by this chapter.

35 SECTION 26. IC 6-3.1-18-9, AS AMENDED BY P.L.50-2016,  
 36 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2024]: Sec. 9. (a) **The community development corporation**  
 38 **or community based organization, on behalf of a business firm or**  
 39 **person that or an individual who** desires to claim a tax credit as  
 40 provided in this chapter, shall file with the ~~department,~~ **authority,** in  
 41 the form approved by the ~~department,~~ **authority, an application**  
 42 **documentation** stating the amount of the qualified contribution that



1 the person or individual proposes to make would qualify for a tax  
 2 credit, and the amount sought allocated to the business firm or  
 3 person to be claimed as a credit.

4 (b) The department shall promptly notify ~~an applicant~~ **a business**  
 5 **firm or person** whether, or the extent to which, the tax credit is  
 6 allowable in the state fiscal year in which the ~~application~~ **tax return**  
 7 **claiming the credit** is filed, as provided in section 6 of this chapter. ~~If~~  
 8 ~~the credit is allowable in that state fiscal year, the applicant shall within~~  
 9 ~~thirty (30) days after receipt of the notice file with the department a~~  
 10 ~~statement, in the form and accompanied by the proof of payment of the~~  
 11 ~~qualified contribution as the department may prescribe, setting forth~~  
 12 ~~that the amount to be claimed as a credit under this chapter has been~~  
 13 ~~paid through a qualified contribution as provided in section 6 of this~~  
 14 ~~chapter.~~

15 (c) The department may disallow any credit claimed under this  
 16 chapter for which the statement or proof of payment is not filed within  
 17 ~~the thirty (30) day period.~~ **shall consider documentation from the**  
 18 **authority as proof of payment, setting forth that the amount to be**  
 19 **claimed as a credit under this chapter has been paid to a**  
 20 **community development corporation or a community based**  
 21 **organization as a qualified contribution to the fund of the**  
 22 **community development corporation or the community based**  
 23 **organization fund for the current state fiscal year, or permanently**  
 24 **set aside in a special account to be used solely for this fund.**

25 SECTION 27. IC 6-3.1-18-10 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 10. (a) The amount of  
 27 tax credits allowed under this chapter may not exceed two hundred  
 28 thousand dollars (\$200,000) in any state fiscal year.

29 (b) The department shall:

30 (1) record the time of filing of each ~~application for allowance of~~  
 31 ~~a tax return claiming the credit required~~ **a tax return claiming the credit** ~~required~~ under section 9 of this  
 32 chapter; and

33 (2) approve the ~~applications; credit, if they~~ **the business firm or**  
 34 **person claiming the credit** ~~otherwise qualify~~ **qualifies** for a tax  
 35 credit under this chapter, in the chronological order in which the  
 36 ~~applications are~~ **tax return claiming the credit is** filed in the  
 37 state fiscal year.

38 (c) When the total credits approved under this section equal the  
 39 maximum amount allowable in any state fiscal year, ~~an application~~  
 40 ~~filed after that time for the~~ **no credits thereafter filed for that** same  
 41 fiscal year ~~may not~~ **shall** be approved. ~~However, if an applicant for~~  
 42 ~~whom a credit has been approved fails to file the statement of proof of~~





1 payment required under section 9 of this chapter; an amount equal to  
2 the credit previously allowed or set aside for the applicant may be  
3 allowed to any subsequent applicant in the year. In addition, the  
4 department may, if the applicant so requests, approve a credit  
5 application; in whole or in part, with respect to the next succeeding  
6 state fiscal year.



## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 260, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 260 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 14, Nays 0

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 SENATE MOTION

Madam President: I move that Senate Bill 260 be amended to read as follows:

Page 1, delete lines 1 through 12, begin a new paragraph and insert:  
 "SECTION 1. IC 4-4-28-1.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: **Sec. 1.7. (a) As used in this chapter, "community based organization" means a private, nonprofit corporation whose board of directors is comprised of business, civic, and community leaders, and whose principal purpose includes the provision of low income housing.**

**(b) A community based organization shall not be construed to have the same powers as a community development corporation."**

Page 1, line 15, reset in roman "a".

Page 1, line 16, reset in roman "community development corporation".

Page 1, line 16, delete "an eligible" and insert "**and community based**".

Page 2, line 5, reset in roman "a community development corporation".

Page 2, line 5, delete "an eligible" and insert "**and community based**".

Page 3, line 1, reset in roman "a community development".

Page 3, line 2, reset in roman "corporation".

Page 3, line 2, delete "an eligible" and insert "**and community based**".

Page 3, delete lines 20 through 40, begin a new paragraph and insert:

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"SECTION 6. IC 4-4-28-8, AS AMENDED BY P.L.50-2016, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 8. (a) A community development corporation **and community based organization** shall do the following:

- (1) Determine whether an individual who wants to establish an account is a qualifying individual.
- (2) Administer, through a financial institution, and act as trustee for each account established through the community development corporation **and community based organization**.
- (3) Approve or deny an individual's request to make a withdrawal from the individual's account.
- (4) Provide or arrange for training in money management, budgeting, and related topics for each individual who establishes an account.

(b) A community development corporation **and community based organization** may approve a qualifying individual's request to make a withdrawal from an account to purchase a motor vehicle if the purpose of the purchase is primarily to transport the individual to and from work, postsecondary education, or an accredited or licensed training program intended to lead to employment of the individual or a dependent of the individual."

Page 4, delete lines 15 through 34, begin a new paragraph and insert:

"(c) A community development corporation **and community based organization** shall use money that is in an individual development account fund established under section 13 of this chapter to allow a qualified individual on a waiting list maintained by the community development corporation **and community based organization** to establish an account.

SECTION 9. IC 4-4-28-11, AS AMENDED BY P.L.1-2007, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 11. (a) Each community development corporation **and community based organization** shall annually provide the authority with information needed to determine:

- (1) the number of accounts administered by the community development corporation **and community based organization**;
- (2) the length of time each account under subdivision (1) has been established; and
- (3) the amount of money an individual has deposited into each account under subdivision (1). ~~during the preceding twelve (12) months.~~

(b) The authority shall use the information provided under



subsection (a) to deposit the correct amount of money into each account as provided in section 12 of this chapter."

Page 5, delete lines 17 through 42, begin a new paragraph and insert:

"SECTION 11. IC 4-4-28-13, AS AMENDED BY P.L.50-2016, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 13. (a) Each community development corporation **and community based organization** may apply to the authority for an allocation of tax credits under IC 6-3.1-18 for the contributors to a fund established under this section. A community development corporation **and community based organization** may establish an individual development account fund to provide money to be used to finance additional accounts to be administered by the community development corporation **and community based organization** under this chapter and to help pay for the community development corporation's **and community based organization's** expenses related to the administration of accounts.

(b) Each community development corporation **and community based organization** shall encourage individuals, financial institutions, corporations, and other entities to contribute to the fund. A contributor to the fund may qualify for a tax credit as provided under IC 6-3.1-18.

(c) Each community development corporation **and community based organization** may use up to twenty percent (20%) of the first one hundred thousand dollars (\$100,000) deposited each calendar year in the fund under subsection (b) to help pay for the community development corporation's **and community based organization's** expenses related to the administration of accounts established under this chapter. All deposits in the fund under subsection (b) of more than one hundred thousand dollars (\$100,000) during each calendar year may be used only to fund accounts administered by the community development corporation **and community based organization** under this chapter.

(d) A community development corporation **and community based organization** may allow an individual to establish a new account as adequate funding becomes available.

(e) Only money from the fund may be used to make the deposit described in subsection (f) into an account established under this section.

(f) The community development corporation **and community based organization** shall annually deposit at least three dollars (\$3) into each account for each one dollar (\$1) an individual has deposited into the individual's account as of June 30.



(g) A community development corporation **and community based organization** may not allow a qualifying individual to establish an account if the community development corporation **and community based organization** does not have adequate funds to deposit into the account under subsection (f)."

Page 6, delete lines 1 through 15.

Page 6, line 19, reset in roman "community development corporation".

Page 6, line 19, delete "eligible" and insert "**and community based**".

Page 6, line 23, reset in roman "community development".

Page 6, line 24, reset in roman "corporation's".

Page 6, line 24, delete "eligible" and insert "**and community based**".

Page 7, delete lines 9 through 31, begin a new paragraph and insert:

"(b) At the time of requesting authorization under section 15 of this chapter to withdraw money from an individual's account under subsection (a)(5), the individual must provide the community development corporation **and community based organization** with a business plan that:

- (1) has been approved by a financial institution or is approved by the community development corporation **and community based organization**;
- (2) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and
- (3) may require the individual to obtain the assistance of an experienced business advisor.

SECTION 14. IC 4-4-28-18, AS AMENDED BY P.L.1-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 18. (a) Each community development corporation **and community based organization** shall annually:

- (1) evaluate the individual development accounts administered by the community development corporation **and community based organization**; and
- (2) submit a report containing the evaluation information to the authority.

(b) Two (2) or more community development corporations **and community based organizations** may work together in carrying out the purposes of this chapter."

Page 12, delete lines 41 through 42, begin a new paragraph and insert:

"SECTION 22. IC 6-3.1-18-0.7 IS ADDED TO THE INDIANA



CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2024]: **Sec. 0.7. As used in this chapter, "community based organization" has the meaning set forth in IC 4-4-28-1.7.**

Page 13, delete lines 1 through 2.

Page 13, line 6, reset in roman "community development corporation".

Page 13, line 6, delete "an eligible" and insert "**and community based**".

Page 13, line 16, reset in roman "a community".

page 13, line 17, reset in roman "development corporation".

Page 13, line 17, delete "an eligible" and insert "**and community based**".

Page 13, line 34, delete "The eligible" and insert "**The community development corporation and community based**".

Page 14, delete lines 11 through 19, begin a new paragraph and insert:

"(c) The department may disallow any credit claimed under this chapter for which the statement or proof of payment is not filed within the thirty (30) day period: **shall consider documentation from the authority as proof of payment, setting forth that the amount to be claimed as a credit under this chapter has been paid to a community development corporation and a community based organization as a qualified contribution to the fund of the community development corporation and the community based organization fund for the current state fiscal year, or permanently set aside in a special account to be used solely for this fund.**"

Renumber all SECTIONS consecutively.

(Reference is to SB 260 as printed January 31, 2024.)

BALDWIN

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#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 260, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 13, delete "and" and insert "**or**".

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Page 2, line 2, delete "and" and insert "**or**".  
Page 2, line 42, delete "and" and insert "**or**".  
Page 3, line 26, delete "and" and insert "**or**".  
Page 3, line 32, delete "and" and insert "**or**".  
Page 4, line 17, delete "and" and insert "**or**".  
Page 4, line 25, delete "and" and insert "**or**".  
Page 5, line 25, delete "and" and insert "**or**".  
Page 5, line 26, after "corporation's" delete "and" and insert "**or**".  
Page 5, line 37, delete "and" and insert "**or**".  
Page 5, line 42, delete "and" and insert "**or**".  
Page 6, line 2, delete "and" and insert "**or**".  
Page 6, line 8, delete "and" and insert "**or**".  
Page 6, line 12, delete "and" and insert "**or**".  
Page 6, line 14, delete "and" and insert "**or**".  
Page 6, line 20, delete "and" and insert "**or**".  
Page 6, line 25, delete "and" and insert "**or**".  
Page 7, line 13, delete "and" and insert "**or**".  
Page 7, line 16, delete "and" and insert "**or**".  
Page 7, line 27, delete "and" and insert "**or**".  
Page 13, line 9, reset in roman "a".  
Page 13, line 9, delete "and" and insert "**or**".  
Page 13, line 20, delete "and" and insert "**or**".  
Page 13, line 38, delete "and" and insert "**or**".  
Page 14, line 20, delete "and" and insert "**or**".  
Page 14, line 22, delete "and" and insert "**or**".

and when so amended that said bill do pass.

(Reference is to SB 260 as reprinted February 2, 2024.)

THOMPSON

Committee Vote: yeas 21, nays 0.

