

SENATE BILL No. 315

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-21-6; IC 12-8-1.5-20.

Synopsis: State earned income tax credit. Increases the amount of the state earned income tax credit. Requires: (1) the department of state revenue to compile a notice with information concerning the federal and state earned income tax credits; and (2) the office of the secretary of family and social services to provide annually the written notice concerning the federal and state earned income tax credits to certain individuals who receive assistance.

Effective: January 1, 2021 (retroactive).

Yoder

January 12, 2021, read first time and referred to Committee on Tax and Fiscal Policy.



First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

SENATE BILL No. 315

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 6-3.1-21-6, AS AMENDED BY P.L.214-2018(ss),
2 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2021 (RETROACTIVE)]: Sec. 6. (a) Except as provided
4 by subsections (b), (d), and (e), an individual who is eligible for an
5 earned income tax credit under Section 32 of the Internal Revenue
6 Code as it existed before being amended by the Tax Relief,
7 Unemployment Insurance Reauthorization, and Job Creation Act of
8 2010 (P.L. 111-312), is eligible for a credit under this chapter equal to
9 ~~nine percent (9%)~~ **eighteen percent (18%)** of the amount of the
10 federal earned income tax credit that the individual:
11 (1) is eligible to receive in the taxable year; and
12 (2) claimed for the taxable year;
13 under Section 32 of the Internal Revenue Code as it existed before
14 being amended by the Tax Relief. Unemployment Insurance
15 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312).
16 (b) In the case of a nonresident taxpayer or a resident taxpayer
17 residing in Indiana for a period of less than the taxpayer's entire taxable



1 year, the amount of the credit is equal to the product of:

- 2 (1) the amount determined under subsection (a); multiplied by
 3 (2) the quotient of the taxpayer's income taxable in Indiana
 4 divided by the taxpayer's total income.

5 (c) If the credit amount exceeds the taxpayer's adjusted gross
 6 income tax liability for the taxable year, the excess shall be refunded
 7 to the taxpayer.

8 (d) If a taxpayer properly elects to determine the taxpayer's earned
 9 income in accordance with the federal Bipartisan Budget Act of 2018
 10 for purposes of the credit under Section 32 of the Internal Revenue
 11 Code for a taxable year beginning after December 31, 2016, the
 12 election shall be treated as being made for purposes of the credit under
 13 this chapter.

14 (e) The minimum earned income amounts and phaseout threshold
 15 amounts for the credit under this section are subject to the same cost of
 16 living adjustments provided in the Internal Revenue Code.

17 SECTION 2. IC 12-8-1.5-20 IS ADDED TO THE INDIANA CODE
 18 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 19 **JANUARY 1, 2021 (RETROACTIVE)]**: **Sec. 20. (a) The office of the**
 20 **secretary shall cooperate with the department of state revenue to**
 21 **distribute a written notice with information concerning the federal**
 22 **earned income tax credit under Section 32 of the Internal Revenue**
 23 **Code and the state earned income tax credit under IC 6-3.1-21-6.**

24 **(b) The department of state revenue shall compile the written**
 25 **notice described in subsection (a). The written notice must include**
 26 **at least the following information:**

- 27 **(1) The qualifying income levels for the federal and state**
 28 **earned income tax credits.**
 29 **(2) The credit amounts available for the federal and state**
 30 **earned income tax credits.**
 31 **(3) The process for applying for the federal and state earned**
 32 **income tax credits.**
 33 **(4) The availability of assistance in applying for the federal**
 34 **and state earned income tax credits.**

35 **(c) The office of the secretary shall distribute the written notice**
 36 **described in this section at least one (1) time annually to each**
 37 **individual who receives, or is the parent or guardian of an**
 38 **individual who receives, assistance under any of the following:**

- 39 **(1) TANF.**
 40 **(2) The Medicaid program.**
 41 **(3) SNAP.**

42 **(d) The office of the secretary shall publish the information in**



1 **the written notice on the office's Internet web site.**
2 SECTION 3. [EFFECTIVE JANUARY 1, 2021 (RETROACTIVE)]
3 **(a) IC 6-3.1-21-6, as amended by this act, applies to taxable years**
4 **beginning after December 31, 2020.**
5 **(b) This SECTION expires July 1, 2024.**
6 SECTION 4. An emergency is declared for this act.

