

SENATE BILL No. 401

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-42.

Synopsis: Landlord tax credit. Provides that a taxpayer is entitled to a credit against the taxpayer's state income tax liability in a taxable year equal to the lesser of: (1) \$1,500 multiplied by the number of rental units that the taxpayer rents during a taxable year to individuals that were incarcerated at some time not more than three years prior to the taxable year; or (2) \$7,500. Provides that to obtain the credit, the taxpayer must claim the credit in the manner prescribed by the department. Prohibits the taxpayer from claiming any carryover, carryback, or refund of any unused credit.

Effective: July 1, 2025.

Taylor G

January 13, 2025, read first time and referred to Committee on Tax and Fiscal Policy.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

SENATE BILL No. 401



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 6-3.1-42 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2025]:
4 **Chapter 42. Income Tax Credit for Rental to Recently**
5 **Incarcerated Individuals**
6 **Sec. 1. This chapter applies to taxable years beginning after**
7 **December 31, 2025.**
8 **Sec. 2. As used in this chapter, "state income tax liability"**
9 **means a taxpayer's adjusted gross income tax liability under**
10 **IC 6-3.**
11 **Sec. 3. As used in this chapter, "taxpayer" means the owner of**
12 **a rental unit or the property of which the rental unit is a part that**
13 **rents during a taxable year to individuals who were incarcerated**
14 **at some time not more than three (3) years prior to the taxable**
15 **year.**
16 **Sec. 4. (a) Subject to subsection (b), a taxpayer is entitled to a**
17 **credit against the taxpayer's state income tax liability in a taxable**



1 year equal to the lesser of the following:
2 (1) One thousand five hundred dollars (\$1,500) multiplied by
3 the number of rental units that the taxpayer rents during a
4 taxable year to individuals who were incarcerated at some
5 time not more than three (3) years prior to the taxable year.
6 (2) Seven thousand five hundred dollars (\$7,500).
7 (b) A credit awarded under this chapter may not exceed the
8 taxpayer's state income tax liability.
9 Sec. 5. To obtain a credit under this chapter, a taxpayer must
10 claim the credit in the manner prescribed by the department. The
11 taxpayer shall submit to the department all information that the
12 department determines is necessary for the calculation of the credit
13 provided by this chapter.
14 Sec. 6. A taxpayer is not entitled to any carryover, carryback,
15 or refund of any unused credit.

