



January 21, 2026

SENATE BILL No. 264

DIGEST OF SB 264 (Updated January 20, 2026 11:11 am - DI 120)

Citations Affected: IC 6-3.1.

Synopsis: Economic development tax credits. Amends the economic development for a growing economy (EDGE) tax credit to: (1) authorize the Indiana economic development corporation (IEDC) to increase the value of an EDGE credit to a company for new job creation based on the amount of expenses of the company to relocate an individual to Indiana to fill the position; and (2) explicitly permit the IEDC to provide EDGE credits to a company that is retaining an employee through a minimum of a 25% increase in hourly wages paid to the individual. Clarifies provisions that apply to IEDC certification of a fund as a qualified Indiana investment fund.

Effective: July 1, 2026.

Buchanan, Rogers

January 8, 2026, read first time and referred to Committee on Tax and Fiscal Policy.
January 20, 2026, amended, reported favorably — Do Pass.

SB 264—LS 7096/DI 120



January 21, 2026

Second Regular Session of the 124th General Assembly (2026)

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 2025 Regular Session of the General Assembly.

SENATE BILL No. 264

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 6-3.1-13-2, AS AMENDED BY P.L.4-2005,
2 SECTION 67, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]: Sec. 2. **(a)** As used in this chapter, "credit amount"
4 means the amount agreed to between the corporation and applicant
5 under this chapter, but not to exceed, in the case of a credit awarded for
6 a project to create new jobs in Indiana, the incremental income tax
7 withholdings attributable to the applicant's project.

8 **(b) Notwithstanding subsection (a), in the case of a credit**
9 **awarded for a project to create new jobs in Indiana that are filled**
10 **by a full-time employee, as defined in section 4 of this chapter, who**
11 **is a new resident of Indiana, as determined by the corporation, the**
12 **credit amount means the amount agreed to between the**
13 **corporation and applicant under this chapter not to exceed the**
14 **incremental income tax withholdings attributable to the position**
15 **filled by the new full-time Indiana resident employee plus an**
16 **additional amount not to exceed ten thousand dollars (\$10,000).**

17 SECTION 2. IC 6-3.1-13-13, AS AMENDED BY P.L.74-2020,

SB 264—LS 7096/DI 120



1 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2026]: Sec. 13. (a) The corporation may make credit awards
3 under this chapter for any of the following:

4 (1) To foster job creation in Indiana.
5 (2) To foster job retention in Indiana.

6 **(3) To foster job and employee retention in Indiana through
7 the increase of wages paid to existing full-time employees.**

8 (b) The credit shall be claimed for the taxable years specified in the
9 taxpayer's tax credit agreement.

10 SECTION 3. IC 6-3.1-13-14, AS AMENDED BY P.L.74-2020,
11 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JULY 1, 2026]: Sec. 14. (a) A person that proposes a project to create
13 new jobs in Indiana may apply, as provided in section 15 of this
14 chapter, to the corporation to enter into an agreement for a tax credit
15 under this chapter.

16 (b) A person that proposes to retain existing jobs in Indiana may
17 apply, as provided in section 15.5 of this chapter, to the corporation to
18 enter into an agreement for a tax credit under this chapter.

19 **(c) A person that proposes to retain existing jobs and employees
20 in Indiana by increasing wages paid to existing full-time employees
21 may apply, as provided in section 15.6 of this chapter, to the
22 corporation to enter into an agreement for a tax credit under this
23 chapter.**

24 ~~(e)~~ (d) The corporation shall prescribe the form of the application.

25 SECTION 4. IC 6-3.1-13-15, AS AMENDED BY P.L.197-2005,
26 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2026]: Sec. 15. (a) This ~~section~~ ~~subsection~~ applies to an
28 application proposing a project to create new jobs in Indiana. After
29 receipt of an application, the corporation may enter into an agreement
30 with the applicant for a credit under this chapter if the corporation
31 determines that all of the following conditions exist:

32 (1) The applicant's project will create new jobs that were not jobs
33 previously performed by employees of the applicant in Indiana.
34 (2) The applicant's project is economically sound and will benefit
35 the people of Indiana by increasing opportunities for employment
36 in Indiana and strengthening the economy of Indiana.
37 (3) Receiving the tax credit is a major factor in the applicant's
38 decision to go forward with the project and not receiving the tax
39 credit will result in the applicant not creating new jobs in Indiana.
40 (4) Awarding the tax credit will result in an overall positive fiscal
41 impact to the state, as certified by the budget agency using the
42 best available data.



(5) The credit is not prohibited by section 16 of this chapter.

(6) If the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement.

(b) This subsection applies to an application proposing to create new jobs in Indiana that may be filled by an individual who is a new resident of Indiana, as determined by the corporation. In addition to the conditions contained in subsection (a), the corporation may enter into an agreement with the applicant for a credit under this chapter that may exceed the incremental income tax withholdings attributable to the applicant's project if the corporation determines that all of the following conditions exist:

(1) The new jobs created by the applicant's project may be filled by individuals who, prior to their employment at the project location, were not residents of Indiana.

(2) The applicant's project is engaging in research and development, manufacturing, or business services, according to the NAICS Manual of the United States Office of Management and Budget.

(3) The applicant will implement or maintain a program that facilitates the relocation of individuals to Indiana for the purpose of employment by the applicant at the project location through payments to reimburse the individual, or that are paid directly to third parties on behalf of the individual, that include:

(A) moving costs

(B) relocation bonuses;

(C) housing assistance;

(D) storage fees;

(E) home sale or purchase assistance; or

(F) other applicable expenses associated with relocating individuals to Indiana that are approved by the corporation.

(4) The average compensation (including benefits) provided to the applicant's new employees exceeds two hundred percent (200%) of the state average wage.

SECTION 5. IC 6-3.1-13-15.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2026]: Sec. 15.6. This section applies to an
2 application proposing to retain existing jobs and employees in
3 Indiana through the increase of wages paid to existing Indiana
4 resident full-time employees. After receipt of an application, the
5 corporation may enter into an agreement with the applicant for a
6 credit under this chapter if the corporation determines that all of
7 the following conditions exist:

8 (1) The conditions in section 15.5(1) through 15.5(5) of this
9 chapter, section 15.5(7) through 15.5(8) of this chapter, and
10 section 15.5(10) of this chapter are satisfied.
11 (2) Receiving the tax credit is a major factor in the applicant's
12 decision to increase the wages of existing employees at the
13 project location by at least twenty-five percent (25%).
14 (3) Awarding the tax credit will reduce the potential:
15 (A) loss of employees; and
16 (B) of the applicant either:
17 (i) reducing jobs in Indiana, or
18 (ii) maintaining job vacancies because of the loss of
19 employees in Indiana.

20 SECTION 6. IC 6-3.1-13-17, AS AMENDED BY P.L.135-2022,
21 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2026]: Sec. 17. (a) If the applicant proposes a project that will
23 be located at a physical location in Indiana, in determining the credit
24 amount that should be awarded to an applicant under section 15 of this
25 chapter that proposes a project to create jobs in Indiana, the corporation
26 may take into consideration the following factors:

27 (1) The economy of the county where the projected investment is
28 to occur.
29 (2) The potential impact on the economy of Indiana.
30 (3) The incremental payroll attributable to the project.
31 (4) The capital investment attributable to the project.
32 (5) The amount the average wage paid by the applicant exceeds
33 the average wage paid:
34 (A) within the county in which the project will be located, in
35 the case of an application submitted before January 1, 2006; or
36 (B) in the case of an application submitted after December 31,
37 2005:
38 (i) to all employees working in the same NAICS industry
39 sector to which the applicant's business belongs in the
40 county in which the applicant's business is located, if there
41 is more than one (1) business in that NAICS industry sector
42 in the county in which the applicant's business is located;



- (ii) to all employees working in the same NAICS industry sector to which the applicant's business belongs in Indiana, if the applicant's business is the only business in that NAICS industry sector in the county in which the applicant's business is located but there is more than one (1) business in that NAICS industry sector in Indiana; or
- (iii) to all employees working in the same county as the county in which the applicant's business is located, if there is no other business in Indiana in the same NAICS industry sector to which the applicant's business belongs.

(8) The extent to which the incremental income tax withholdings attributable to the applicant's project are needed for the purposes of an incremental tax financing fund or industrial development fund under IC 36-7-13 or a certified technology park fund under IC 36-7-32.

As appropriate, the corporation shall consider the factors in this subsection to determine the credit amount awarded to an applicant for a project to retain existing jobs in Indiana under section 15.5 of this chapter **or to retain existing employees and their jobs in Indiana under section 15.6 of this chapter.**

25 (b) Subject to the limitations of subsection (c), if an applicant
26 proposes a project that proposes to create new jobs in Indiana but does
27 not propose a physical location in Indiana, the corporation may
28 consider the following factors:

(1) The potential impact on the economy in Indiana.

(2) The incremental payroll attributable to the project.

(3) The amount of average wage paid by the applicant that exceeds the average wage paid to all employees working in the same NAICS industry sector to which the applicant's business belongs in Indiana.

(4) The cost to Indiana with respect to the project.

(5) The financial assistance and incentives that are otherwise provided by Indiana.

(6) The extent of Indiana income tax that is paid by eligible employees.

(c) An applicant proposing a project that meets the requirements of subsection (b) must propose:

(1) to create at least fifty (50) new full-time jobs; and



(2) to pay an average hourly wage of at least one hundred fifty percent (150%) of the state average wage;

3 in order to be eligible to receive a credit under this chapter.

4 SECTION 7. IC 6-3.1-13-18, AS AMENDED BY P.L.135-2022,
5 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2026]: Sec. 18. (a) The corporation shall determine the
7 amount and duration of a tax credit awarded under this chapter. The
8 duration of the credit may not exceed twenty (20) taxable years. The
9 credit may be stated as a percentage of the incremental income tax
10 withholdings attributable to the applicant's project and may include a
11 fixed dollar limitation. **Except as otherwise provided in section 2(b)**
12 **of this chapter**, in the case of a credit awarded for a project to create
13 new jobs in Indiana, the credit amount may not exceed the incremental
14 income tax withholdings. However, the credit amount claimed for a
15 taxable year may exceed the taxpayer's state tax liability for the taxable
16 year, in which case the excess may, at the discretion of the corporation,
17 be refunded to the taxpayer.

26 SECTION 8. IC 6-3.1-24-7.5, AS ADDED BY P.L.165-2021,
27 SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2026]: Sec. 7.5. (a) The Indiana economic development
29 corporation may certify that an investment fund is a qualified Indiana
30 investment fund if the corporation determines that the fund meets the
31 definition in section 2.5 of this chapter and the requirements in
32 subsection (b).

33 (b) The Indiana economic development corporation may only certify
34 a fund as a qualified Indiana investment fund if the fund makes
35 investments according to a policy that:

36 (1) requires eligible companies to be primarily focused on the
37 commercialization of research and development, technology
38 transfer, or application of new technology; and

39 (2) prioritizes investments in companies that:

40 (A) have received a grant, loan, or other investment funds
41 provided by the Indiana twenty-first century research and
42 technology fund established by IC 5-28-16-2; or



(B) maintain a substantial presence in Indiana.

The policy referred to in this subsection shall apply only to investable capital in the fund, excluding management fees, legal fees, and other expenses incurred in the operation of the fund.

(c) An investment fund must apply to be certified as a qualified Indiana investment fund on a form prescribed by the Indiana economic development corporation.

(d) If an investment fund is certified as a qualified Indiana investment fund under this section, the Indiana economic development corporation shall provide a copy of the certification to the investors in the qualified Indiana investment fund for inclusion in tax filings.

SECTION 9. IC 6-3.1-24-12, AS AMENDED BY P.L.165-2021, SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. (a) If the amount of the credit determined under section 8 or 8.5 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess credit over for a period not to exceed the taxpayer's following five (5) taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or a refund of any unused credit amount.

(b) If the corporation certifies a credit for an investment that is made after June 30, 2020, and before July 1, 2029, the taxpayer may assign all or part of the credit to which the taxpayer is entitled under this chapter, subject to the limitations set forth in subsection (c).

(c) The following apply to the assignment of a credit under this chapter:

(1) A taxpayer may not assign all or part of a credit or credits to a particular person in amounts that are less than ten thousand dollars (\$10,000).

(2) Before a credit may be assigned, the taxpayer must notify the corporation of the assignment of the credit in the manner prescribed by the corporation.

(3) An assignment of a credit must be in writing, and both the taxpayer and assignee shall report the assignment on the taxpayer's and assignee's state tax returns for the year in which the assignment is made, in the manner prescribed by the department.

(4) Once a particular credit or credits are assigned, the assignee may not assign all or part of the credit or credits to another person.

(5) A taxpayer may not receive value in connection with an

(c) No taxpayer may net receive value in connection with an



1 assignment under this section that exceeds the value of that part
2 of the credit assigned.

3 **Nothing in this subsection shall prevent a taxpayer from combining**
4 **individual credits of less than ten thousand dollars (\$10,000) for**
5 **assignment.**

6 (d) The corporation shall collect and compile data on the
7 assignments of tax credits under this chapter and determine the
8 effectiveness of each assignment in getting projects completed. The
9 corporation shall report its findings under this subsection to the
10 legislative council in an electronic format under IC 5-14-6 before
11 November 1, 2022. This subsection expires January 1, 2023.



COMMITTEE REPORT

Mr. President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 264, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 13, after "exceed" insert **"the incremental income tax withholdings attributable to the position filled by the new full-time Indiana resident employee plus an additional amount not to exceed"**.

Page 6, after line 23, begin a new paragraph and insert:

"SECTION 8. IC 6-3.1-24-7.5, AS ADDED BY P.L.165-2021, SECTION 80, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 7.5. (a) The Indiana economic development corporation may certify that an investment fund is a qualified Indiana investment fund if the corporation determines that the fund meets the definition in section 2.5 of this chapter and the requirements in subsection (b)."

(b) The Indiana economic development corporation may only certify a fund as a qualified Indiana investment fund if the fund makes investments according to a policy that:

- (1) requires eligible companies to be primarily focused on the commercialization of research and development, technology transfer, or application of new technology; and
- (2) prioritizes investments in companies that:
 - (A) have received a grant, loan, or other investment funds provided by the Indiana twenty-first century research and technology fund established by IC 5-28-16-2; or
 - (B) maintain a substantial presence in Indiana.

The policy referred to in this subsection shall apply only to investable capital in the fund, excluding management fees, legal fees, and other expenses incurred in the operation of the fund.

(c) An investment fund must apply to be certified as a qualified Indiana investment fund on a form prescribed by the Indiana economic development corporation.

(d) If an investment fund is certified as a qualified Indiana investment fund under this section, the Indiana economic development corporation shall provide a copy of the certification to the investors in the qualified Indiana investment fund for inclusion in tax filings.

"SECTION 9. IC 6-3.1-24-12, AS AMENDED BY P.L.165-2021, SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 12. (a) If the amount of the credit determined



under section 8 or 8.5 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess credit over for a period not to exceed the taxpayer's following five (5) taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or a refund of any unused credit amount.

(b) If the corporation certifies a credit for an investment that is made after June 30, 2020, and before July 1, 2029, the taxpayer may assign all or part of the credit to which the taxpayer is entitled under this chapter, subject to the limitations set forth in subsection (c).

(c) The following apply to the assignment of a credit under this chapter:

(1) A taxpayer may not assign all or part of a credit or credits to a particular person in amounts that are less than ten thousand dollars (\$10,000).

(2) Before a credit may be assigned, the taxpayer must notify the corporation of the assignment of the credit in the manner prescribed by the corporation.

(3) An assignment of a credit must be in writing, and both the taxpayer and assignee shall report the assignment on the taxpayer's and assignee's state tax returns for the year in which the assignment is made, in the manner prescribed by the department.

(4) Once a particular credit or credits are assigned, the assignee may not assign all or part of the credit or credits to another person.

(5) A taxpayer may not receive value in connection with an assignment under this section that exceeds the value of that part of the credit assigned.

Nothing in this subsection shall prevent a taxpayer from combining individual credits of less than ten thousand dollars (\$10,000) for assignment.

(d) The corporation shall collect and compile data on the assignments of tax credits under this chapter and determine the effectiveness of each assignment in getting projects completed. The corporation shall report its findings under this subsection to the legislative council in an electronic format under IC 5-14-6 before November 1, 2022. This subsection expires January 1, 2023.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.



(Reference is to SB 264 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 12, Nays 0.

SB 264—LS 7096/DI 120

