LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 7096
BILL NUMBER: SB 264

NOTE PREPARED: Jan 26, 2026
BILL AMENDED: Jan 20, 2026

SUBJECT: Economic Development Tax Credits.

FIRST AUTHOR: Sen. Buchanan
FIRST SPONSOR: Rep. Lopez

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *EDGE Tax Credits:* The bill 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.

Venture Capital Investment Tax Credit: The bill clarifies provisions that apply to IEDC certification of a fund as a qualified Indiana investment fund.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The Department of State Revenue (DOR) and the IEDC will experience additional workload and expenses to put the bill's changes in place. The DOR and the IEDC should be able to make these changes within current resource levels.

Explanation of State Revenues: *EDGE Tax Credits:* The proposal would have an indeterminate impact on state General Fund revenue. EDGE tax credits are subject to the $300 M cap on the amount of tax credits that the IEDC may certify annually. So, any increase in EDGE tax credits may result in the IEDC reducing credit awards for other tax credits.

The bill would allow an EDGE credit for new job creation to include up to $10,000 for a full-time position filled by an employee who is new to Indiana. Under current law, EDGE credits are equal to the incremental income tax withholdings attributable to the position. Employers who receive a larger EDGE credit under the bill are required to implement or maintain a program to reimburse relocation expenses for new employees relocating to Indiana.

The bill would also expand EDGE credits to companies who increase employee wages by at least 25% in order to retain employees.

Venture Capital Investment Tax Credit: The changes to the Venture Capital Investment Tax Credit may increase claims for the credit, thus reducing state General Fund revenue beginning in FY 2027. The bill allows a taxpayer to combine individual credits in order to meet minimum threshold requirements to assign the credit. The cap on the total amount of credits awarded annually remains at $20 M, with no more than $7.5 M being awarded for proposed investments of qualified investment capital in a qualified Indiana investment fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; Department of State Revenue.

Local Agencies Affected:

Information Sources:

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