

## SENATE BILL No. 264

AM026401 has been incorporated into introduced printing.

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**Synopsis:** Economic development tax credits.

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2026

IN 264—LS 7096/DI 120



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Introduced

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 ten**  
14        **thousand dollars (\$10,000).**

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

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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  
 9 the 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  
 20 employees in Indiana by increasing wages paid to existing full-time  
 21 employees may apply, as provided in section 15.6 of this chapter,  
 22 to the corporation to enter into an agreement for a tax credit under  
 23 this 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  
 35 benefit the people of Indiana by increasing opportunities for  
 36 employment in Indiana and strengthening the economy of  
 37 Indiana.

38 (3) Receiving the tax credit is a major factor in the applicant's  
 39 decision to go forward with the project and not receiving the tax  
 40 credit will result in the applicant not creating new jobs in  
 41 Indiana.

42 (4) Awarding the tax credit will result in an overall positive



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

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

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

32 (A) moving costs;  
33 (B) relocation bonuses;  
34 (C) housing assistance;  
35 (D) storage fees;  
36 (E) home sale or purchase assistance; or  
37 (F) other applicable expenses associated with relocating  
38 individuals to Indiana that are approved by the  
39 corporation.

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1                   SECTION 5. IC 6-3.1-13-15.6 IS ADDED TO THE INDIANA  
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 2026]: Sec. 15.6. This section applies to an  
 4 application proposing to retain existing jobs and employees in  
 5 Indiana through the increase of wages paid to existing Indiana  
 6 resident full-time employees. After receipt of an application, the  
 7 corporation may enter into an agreement with the applicant for a  
 8 credit under this chapter if the corporation determines that all of  
 9 the following conditions exist:

10                   (1) The conditions in section 15.5(1) through 15.5(5) of this  
 11 chapter, section 15.5(7) through 15.5(8) of this chapter, and  
 12 section 15.5(10) of this chapter are satisfied.

13                   (2) Receiving the tax credit is a major factor in the  
 14 applicant's decision to increase the wages of existing  
 15 employees at the project location by at least twenty-five  
 16 percent (25%).

17                   (3) Awarding the tax credit will reduce the potential:

18                   (A) loss of employees; and

19                   (B) of the applicant either:

20                   (i) reducing jobs in Indiana, or

21                   (ii) maintaining job vacancies because of the loss of  
 22 employees in Indiana.

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

30                   (1) The economy of the county where the projected investment  
 31 is to occur.

32                   (2) The potential impact on the economy of Indiana.

33                   (3) The incremental payroll attributable to the project.

34                   (4) The capital investment attributable to the project.

35                   (5) The amount the average wage paid by the applicant exceeds  
 36 the average wage paid:

37                   (A) within the county in which the project will be located,  
 38 in the case of an application submitted before January 1,  
 39 2006; or

40                   (B) in the case of an application submitted after December  
 41 31, 2005:

42                   (i) to all employees working in the same NAICS



industry sector to which the applicant's business belongs in the county in which the applicant's business is located, if there is more than one (1) business in that NAICS industry sector 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.

18 (6) The costs to Indiana and the affected political subdivisions  
19 with respect to the project.

(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.

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

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

37 (2) The incremental payroll attributable to the project.

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



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

26 (b) This subsection does not apply to a business that was enrolled  
27 and participated in the E-Verify program (as defined in IC 22-5-1.7-3)  
28 during the time the taxpayer conducted business in Indiana in the  
29 taxable year. A credit under this chapter may not be computed on any  
30 amount withheld from an individual or paid to an individual for  
31 services provided in Indiana as an employee, if the individual was,  
32 during the period of service, prohibited from being hired as an  
33 employee under 8 U.S.C. 1324a.

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

41 (b) The Indiana economic development corporation may only

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1       certify a fund as a qualified Indiana investment fund if the fund makes  
 2       investments according to a policy that:

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

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

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

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

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

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

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

38               (1) A taxpayer may not assign all or part of a credit or credits to  
 39               a particular person in amounts that are less than ten thousand  
 40               dollars (\$10,000).  
 41               (2) Before a credit may be assigned, the taxpayer must notify the



1 corporation of the assignment of the credit in the manner  
2 prescribed by the corporation.

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

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

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

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

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

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