
SENATE BILL No. 264

AM026402 has been incorporated into introduced printing.

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 the**
14 **incremental income tax withholdings attributable to the position**
15 **filled by the new full-time Indiana resident employee plus an**

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additional amount not to exceed ten thousand dollars (\$10,000).

SECTION 2. IC 6-3.1-13-13, AS AMENDED BY P.L.74-2020, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 13. (a) The corporation may make credit awards under this chapter for any of the following:

(1) To foster job creation in Indiana.

(2) To foster job retention in Indiana.

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

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

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

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

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

~~(c)~~ **(d)** The corporation shall prescribe the form of the application.

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

(1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana.

(2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana.

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



Indiana.

(4) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the 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



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

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

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

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

(A) loss of employees; and

(B) of the applicant either:

(i) reducing jobs in Indiana, or

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

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

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

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

(3) The incremental payroll attributable to the project.

(4) The capital investment attributable to the project.

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

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

(B) in the case of an application submitted after December



31, 2005:

(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.

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

(7) The financial assistance and incentives that are otherwise provided by Indiana and the affected political subdivisions.

(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.**

(b) Subject to the limitations of subsection (c), if an applicant proposes a project that proposes to create new jobs in Indiana but does not propose a physical location in Indiana, the corporation may 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

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1 same NAICS industry sector to which the applicant's business
2 belongs in Indiana.

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

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

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

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

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

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

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

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

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

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