

PROPOSED AMENDMENT

SB 281 # 3

DIGEST

Dolly Parton Imagination Library contribution tax credit. Provides a state income tax credit for contributions to the Dolly Parton Imagination Library program.

- 1 Page 2, between lines 36 and 37, begin a new paragraph and insert:
2 "SECTION 4. IC 6-3.1-49 IS ADDED TO THE INDIANA CODE
3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2026 (RETROACTIVE)];
- 5 **Chapter 49. Dolly Parton Imagination Library Contribution**
6 **Tax Credit**
- 7 **Sec. 1. As used in this chapter, "credit" refers to a credit**
8 **granted under this chapter.**
- 9 **Sec. 2. As used in this chapter, "imagination library program"**
10 **refers to the Dolly Parton Imagination Library program operated**
11 **by the Dollywood Foundation.**
- 12 **Sec. 3. As used in this chapter, "pass through entity" has the**
13 **meaning set forth in IC 6-3-1-35.**
- 14 **Sec. 4. As used in this chapter, "state tax liability" means a**
15 **taxpayer's total tax liability that is incurred under:**
- 16 **(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);**
17 **(2) IC 6-5.5 (the financial institutions tax); and**
18 **(3) IC 27-1-18-2 (the insurance premiums tax) or IC 6-8-15**
19 **(the nonprofit agricultural organization health coverage tax);**
20 **as computed after the application of the credits that under**
21 **IC 6-3.1-1-2 are to be applied before the credit provided by this**
22 **chapter.**
- 23 **Sec. 5. As used in this chapter, "taxpayer" means an individual**
24 **or entity that has any state tax liability.**
- 25 **Sec. 6. A taxpayer that makes a contribution to the imagination**
26 **library program for use in providing books to children at no cost**

1 is entitled to a credit against the taxpayer's state tax liability in the
2 taxable year in which the taxpayer makes the contribution.

3 Sec. 7. The amount of a taxpayer's credit is equal to fifty percent
4 (50%) of the amount of the contribution made to the imagination
5 library program.

6 Sec. 8. (a) If the credit provided by this chapter exceeds the
7 taxpayer's state tax liability for the taxable year for which the
8 credit is first claimed, the excess may be carried forward to
9 succeeding taxable years and used as a credit against the
10 taxpayer's state tax liability during those taxable years. Each time
11 the credit is carried forward to a succeeding taxable year, the
12 credit is reduced by the amount that was used as a credit during
13 the immediately preceding taxable year. The credit provided by
14 this chapter may be carried forward and applied to succeeding
15 taxable years for nine (9) taxable years following the unused credit
16 year.

17 (b) A taxpayer is not entitled to a carryback or refund of any
18 unused credit.

19 Sec. 9. If a pass through entity is entitled to a credit under
20 section 6 of this chapter but does not have state tax liability against
21 which the tax credit may be applied, a shareholder, partner, or
22 member of the pass through entity is entitled to a tax credit equal
23 to:

- 24 (1) the tax credit determined for the pass through entity for
25 the taxable year; multiplied by
26 (2) the percentage of the pass through entity's distributive
27 income to which the shareholder, partner, or member is
28 entitled.

29 Sec. 10. To apply a credit against the taxpayer's state tax
30 liability, a taxpayer must claim the credit on the taxpayer's annual
31 state tax return or returns in the manner prescribed by the
32 department. The taxpayer shall submit to the department the
33 information that the department determines is necessary for the
34 department to determine whether the taxpayer is eligible for the
35 credit.

36 Sec. 11. The total amount of tax credits awarded under this
37 chapter may not exceed six million dollars (\$6,000,000) in each
38 state fiscal year.

39 Sec. 12. The department, on a website used by the department
40 to provide information to the public, shall provide the following

1 **information:**

2 **(1) The application for the credit provided in this chapter.**

3 **(2) A timeline for receiving the credit provided in this chapter.**

4 **(3) The total amount of credits awarded under this chapter**
5 **during the current state fiscal year."**

6 Page 4, after line 37, begin a new paragraph and insert:

7 **"SECTION 7. An emergency is declared for this act."**

8 Renumber all SECTIONS consecutively.

(Reference is to SB 281 as reprinted January 28, 2026.)