

HOUSE BILL No. 1005

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 12-17.2-7.2-11; IC 20-43-2; IC 20-51; IC 20-51.4.

Synopsis: School choice matters. Establishes the Indiana education savings account program (program). Provides that a parent of an eligible student or an emancipated eligible student may establish an account in the program. Defines an eligible student as: (1) a student with a disability who requires special education; (2) a student with a parent who: (A) is on active duty service in the armed forces of the United States or national guard; or (B) served in the armed forces of the United States or national guard, received an honorable discharge, and has a service related disability; or (3) a student placed in foster care or otherwise under care and supervision of the department of child services. Provides that an eligible student who has an account and attends a qualified school is eligible to receive an annual grant amount that may be used to pay for tuition at an accredited nonpublic school or education related expenses. Provides that the treasurer of state shall administer the program. Provides a deduction from Indiana adjusted gross income for a grant amount that is distributed to a taxpayer's Indiana education savings account and used for a qualified expense, to the extent the distribution is included in the taxpayer's federal adjusted gross income. Changes the eligibility requirements to receive choice scholarships. Makes changes to the amount of tuition an eligible choice scholarship student is entitled to receive to attend a choice scholarship school. Repeals provisions that provide eligibility to certain students if the student's household income increases. Makes conforming amendments.

Effective: July 1, 2021.

Behning, Clere, Prescott

January 14, 2021, read first time and referred to Committee on Education.



First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

HOUSE BILL No. 1005



A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.146-2020,
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2021]: Sec. 3.5. When used in this article, the term "adjusted
4 gross income" shall mean the following:
5 (a) In the case of all individuals, "adjusted gross income" (as
6 defined in Section 62 of the Internal Revenue Code), modified as
7 follows:
8 (1) Subtract income that is exempt from taxation under this article
9 by the Constitution and statutes of the United States.
10 (2) Except as provided in subsection (c), add an amount equal to
11 any deduction or deductions allowed or allowable pursuant to
12 Section 62 of the Internal Revenue Code for taxes based on or
13 measured by income and levied at the state level by any state of
14 the United States.
15 (3) Subtract one thousand dollars (\$1,000), or in the case of a
16 joint return filed by a husband and wife, subtract for each spouse
17 one thousand dollars (\$1,000).



- 1 (4) Subtract one thousand dollars (\$1,000) for:
2 (A) each of the exemptions provided by Section 151(c) of the
3 Internal Revenue Code (as effective January 1, 2017);
4 (B) each additional amount allowable under Section 63(f) of
5 the Internal Revenue Code; and
6 (C) the spouse of the taxpayer if a separate return is made by
7 the taxpayer and if the spouse, for the calendar year in which
8 the taxable year of the taxpayer begins, has no gross income
9 and is not the dependent of another taxpayer.
- 10 (5) Subtract:
11 (A) one thousand five hundred dollars (\$1,500) for each of the
12 exemptions allowed under Section 151(c)(1)(B) of the Internal
13 Revenue Code (as effective January 1, 2004);
14 (B) one thousand five hundred dollars (\$1,500) for each
15 exemption allowed under Section 151(c) of the Internal
16 Revenue Code (as effective January 1, 2017) for an individual:
17 (i) who is less than nineteen (19) years of age or is a
18 full-time student who is less than twenty-four (24) years of
19 age;
20 (ii) for whom the taxpayer is the legal guardian; and
21 (iii) for whom the taxpayer does not claim an exemption
22 under clause (A); and
23 (C) five hundred dollars (\$500) for each additional amount
24 allowable under Section 63(f)(1) of the Internal Revenue Code
25 if the federal adjusted gross income of the taxpayer, or the
26 taxpayer and the taxpayer's spouse in the case of a joint return,
27 is less than forty thousand dollars (\$40,000). In the case of a
28 married individual filing a separate return, the qualifying
29 income amount in this clause is equal to twenty thousand
30 dollars (\$20,000).
- 31 This amount is in addition to the amount subtracted under
32 subdivision (4).
- 33 (6) Subtract any amounts included in federal adjusted gross
34 income under Section 111 of the Internal Revenue Code as a
35 recovery of items previously deducted as an itemized deduction
36 from adjusted gross income.
- 37 (7) Subtract any amounts included in federal adjusted gross
38 income under the Internal Revenue Code which amounts were
39 received by the individual as supplemental railroad retirement
40 annuities under 45 U.S.C. 231 and which are not deductible under
41 subdivision (1).
- 42 (8) Subtract an amount equal to the amount of federal Social



- 1 Security and Railroad Retirement benefits included in a taxpayer's
2 federal gross income by Section 86 of the Internal Revenue Code.
3 (9) In the case of a nonresident taxpayer or a resident taxpayer
4 residing in Indiana for a period of less than the taxpayer's entire
5 taxable year, the total amount of the deductions allowed pursuant
6 to subdivisions (3), (4), and (5) shall be reduced to an amount
7 which bears the same ratio to the total as the taxpayer's income
8 taxable in Indiana bears to the taxpayer's total income.
9 (10) In the case of an individual who is a recipient of assistance
10 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
11 subtract an amount equal to that portion of the individual's
12 adjusted gross income with respect to which the individual is not
13 allowed under federal law to retain an amount to pay state and
14 local income taxes.
15 (11) In the case of an eligible individual, subtract the amount of
16 a Holocaust victim's settlement payment included in the
17 individual's federal adjusted gross income.
18 (12) Subtract an amount equal to the portion of any premiums
19 paid during the taxable year by the taxpayer for a qualified long
20 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
21 or the taxpayer's spouse if the taxpayer and the taxpayer's spouse
22 file a joint income tax return or the taxpayer is otherwise entitled
23 to a deduction under this subdivision for the taxpayer's spouse, or
24 both.
25 (13) Subtract an amount equal to the lesser of:
26 (A) two thousand five hundred dollars (\$2,500), or one
27 thousand two hundred fifty dollars (\$1,250) in the case of a
28 married individual filing a separate return; or
29 (B) the amount of property taxes that are paid during the
30 taxable year in Indiana by the individual on the individual's
31 principal place of residence.
32 (14) Subtract an amount equal to the amount of a September 11
33 terrorist attack settlement payment included in the individual's
34 federal adjusted gross income.
35 (15) Add or subtract the amount necessary to make the adjusted
36 gross income of any taxpayer that owns property for which bonus
37 depreciation was allowed in the current taxable year or in an
38 earlier taxable year equal to the amount of adjusted gross income
39 that would have been computed had an election not been made
40 under Section 168(k) of the Internal Revenue Code to apply bonus
41 depreciation to the property in the year that it was placed in
42 service.



- 1 (16) Add an amount equal to any deduction allowed under
 2 Section 172 of the Internal Revenue Code (concerning net
 3 operating losses).
- 4 (17) Add or subtract the amount necessary to make the adjusted
 5 gross income of any taxpayer that placed Section 179 property (as
 6 defined in Section 179 of the Internal Revenue Code) in service
 7 in the current taxable year or in an earlier taxable year equal to
 8 the amount of adjusted gross income that would have been
 9 computed had an election for federal income tax purposes not
 10 been made for the year in which the property was placed in
 11 service to take deductions under Section 179 of the Internal
 12 Revenue Code in a total amount exceeding the sum of:
- 13 (A) twenty-five thousand dollars (\$25,000) to the extent
 14 deductions under Section 179 of the Internal Revenue Code
 15 were not elected as provided in clause (B); and
- 16 (B) for taxable years beginning after December 31, 2017, the
 17 deductions elected under Section 179 of the Internal Revenue
 18 Code on property acquired in an exchange if:
- 19 (i) the exchange would have been eligible for
 20 nonrecognition of gain or loss under Section 1031 of the
 21 Internal Revenue Code in effect on January 1, 2017;
- 22 (ii) the exchange is not eligible for nonrecognition of gain or
 23 loss under Section 1031 of the Internal Revenue Code; and
- 24 (iii) the taxpayer made an election to take deductions under
 25 Section 179 of the Internal Revenue Code with regard to the
 26 acquired property in the year that the property was placed
 27 into service.
- 28 The amount of deductions allowable for an item of property
 29 under this clause may not exceed the amount of adjusted gross
 30 income realized on the property that would have been deferred
 31 under the Internal Revenue Code in effect on January 1, 2017.
- 32 (18) Subtract an amount equal to the amount of the taxpayer's
 33 qualified military income that was not excluded from the
 34 taxpayer's gross income for federal income tax purposes under
 35 Section 112 of the Internal Revenue Code.
- 36 (19) Subtract income that is:
- 37 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 38 derived from patents); and
- 39 (B) included in the individual's federal adjusted gross income
 40 under the Internal Revenue Code.
- 41 (20) Add an amount equal to any income not included in gross
 42 income as a result of the deferral of income arising from business



1 indebtedness discharged in connection with the reacquisition after
2 December 31, 2008, and before January 1, 2011, of an applicable
3 debt instrument, as provided in Section 108(i) of the Internal
4 Revenue Code. Subtract the amount necessary from the adjusted
5 gross income of any taxpayer that added an amount to adjusted
6 gross income in a previous year to offset the amount included in
7 federal gross income as a result of the deferral of income arising
8 from business indebtedness discharged in connection with the
9 reacquisition after December 31, 2008, and before January 1,
10 2011, of an applicable debt instrument, as provided in Section
11 108(i) of the Internal Revenue Code.

12 (21) Add the amount excluded from federal gross income under
13 Section 103 of the Internal Revenue Code for interest received on
14 an obligation of a state other than Indiana, or a political
15 subdivision of such a state, that is acquired by the taxpayer after
16 December 31, 2011.

17 (22) Subtract an amount as described in Section 1341(a)(2) of the
18 Internal Revenue Code to the extent, if any, that the amount was
19 previously included in the taxpayer's adjusted gross income for a
20 prior taxable year.

21 (23) For taxable years beginning after December 25, 2016, add an
22 amount equal to the deduction for deferred foreign income that
23 was claimed by the taxpayer for the taxable year under Section
24 965(c) of the Internal Revenue Code.

25 (24) Subtract any interest expense paid or accrued in the current
26 taxable year but not deducted as a result of the limitation imposed
27 under Section 163(j)(1) of the Internal Revenue Code. Add any
28 interest expense paid or accrued in a previous taxable year but
29 allowed as a deduction under Section 163 of the Internal Revenue
30 Code in the current taxable year. For purposes of this subdivision,
31 an interest expense is considered paid or accrued only in the first
32 taxable year the deduction would have been allowable under
33 Section 163 of the Internal Revenue Code if the limitation under
34 Section 163(j)(1) of the Internal Revenue Code did not exist.

35 (25) Subtract the amount that would have been excluded from
36 gross income but for the enactment of Section 118(b)(2) of the
37 Internal Revenue Code for taxable years ending after December
38 22, 2017.

39 (26) Subtract any other amounts the taxpayer is entitled to deduct
40 under IC 6-3-2.

41 **(27) Subtract the amount of an annual grant amount**
42 **distributed to a taxpayer's Indiana education savings account**



1 **under IC 20-51.4-4-2 that is used for a qualified expense (as**
2 **defined in IC 20-51.4-2-9), to the extent the distribution used**
3 **for the qualified expense is included in the taxpayer's adjusted**
4 **federal gross income under the Internal Revenue Code.**

5 (b) In the case of corporations, the same as "taxable income" (as
6 defined in Section 63 of the Internal Revenue Code) adjusted as
7 follows:

8 (1) Subtract income that is exempt from taxation under this article
9 by the Constitution and statutes of the United States.

10 (2) Add an amount equal to any deduction or deductions allowed
11 or allowable pursuant to Section 170 of the Internal Revenue
12 Code (concerning charitable contributions).

13 (3) Except as provided in subsection (c), add an amount equal to
14 any deduction or deductions allowed or allowable pursuant to
15 Section 63 of the Internal Revenue Code for taxes based on or
16 measured by income and levied at the state level by any state of
17 the United States.

18 (4) Subtract an amount equal to the amount included in the
19 corporation's taxable income under Section 78 of the Internal
20 Revenue Code (concerning foreign tax credits).

21 (5) Add or subtract the amount necessary to make the adjusted
22 gross income of any taxpayer that owns property for which bonus
23 depreciation was allowed in the current taxable year or in an
24 earlier taxable year equal to the amount of adjusted gross income
25 that would have been computed had an election not been made
26 under Section 168(k) of the Internal Revenue Code to apply bonus
27 depreciation to the property in the year that it was placed in
28 service.

29 (6) Add an amount equal to any deduction allowed under Section
30 172 of the Internal Revenue Code (concerning net operating
31 losses).

32 (7) Add or subtract the amount necessary to make the adjusted
33 gross income of any taxpayer that placed Section 179 property (as
34 defined in Section 179 of the Internal Revenue Code) in service
35 in the current taxable year or in an earlier taxable year equal to
36 the amount of adjusted gross income that would have been
37 computed had an election for federal income tax purposes not
38 been made for the year in which the property was placed in
39 service to take deductions under Section 179 of the Internal
40 Revenue Code in a total amount exceeding the sum of:

41 (A) twenty-five thousand dollars (\$25,000) to the extent
42 deductions under Section 179 of the Internal Revenue Code



1 were not elected as provided in clause (B); and
 2 (B) for taxable years beginning after December 31, 2017, the
 3 deductions elected under Section 179 of the Internal Revenue
 4 Code on property acquired in an exchange if:

5 (i) the exchange would have been eligible for
 6 nonrecognition of gain or loss under Section 1031 of the
 7 Internal Revenue Code in effect on January 1, 2017;

8 (ii) the exchange is not eligible for nonrecognition of gain or
 9 loss under Section 1031 of the Internal Revenue Code; and

10 (iii) the taxpayer made an election to take deductions under
 11 Section 179 of the Internal Revenue Code with regard to the
 12 acquired property in the year that the property was placed
 13 into service.

14 The amount of deductions allowable for an item of property
 15 under this clause may not exceed the amount of adjusted gross
 16 income realized on the property that would have been deferred
 17 under the Internal Revenue Code in effect on January 1, 2017.

18 (8) Add to the extent required by IC 6-3-2-20:

19 (A) the amount of intangible expenses (as defined in
 20 IC 6-3-2-20) for the taxable year that reduced the corporation's
 21 taxable income (as defined in Section 63 of the Internal
 22 Revenue Code) for federal income tax purposes; and

23 (B) any directly related interest expenses (as defined in
 24 IC 6-3-2-20) that reduced the corporation's adjusted gross
 25 income (determined without regard to this subdivision). For
 26 purposes of this clause, any directly related interest expense
 27 that constitutes business interest within the meaning of Section
 28 163(j) of the Internal Revenue Code shall be considered to
 29 have reduced the taxpayer's federal taxable income only in the
 30 first taxable year in which the deduction otherwise would have
 31 been allowable under Section 163 of the Internal Revenue
 32 Code if the limitation under Section 163(j)(1) of the Internal
 33 Revenue Code did not exist.

34 (9) Add an amount equal to any deduction for dividends paid (as
 35 defined in Section 561 of the Internal Revenue Code) to
 36 shareholders of a captive real estate investment trust (as defined
 37 in section 34.5 of this chapter).

38 (10) Subtract income that is:

39 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 40 derived from patents); and

41 (B) included in the corporation's taxable income under the
 42 Internal Revenue Code.



- 1 (11) Add an amount equal to any income not included in gross
 2 income as a result of the deferral of income arising from business
 3 indebtedness discharged in connection with the reacquisition after
 4 December 31, 2008, and before January 1, 2011, of an applicable
 5 debt instrument, as provided in Section 108(i) of the Internal
 6 Revenue Code. Subtract from the adjusted gross income of any
 7 taxpayer that added an amount to adjusted gross income in a
 8 previous year the amount necessary to offset the amount included
 9 in federal gross income as a result of the deferral of income
 10 arising from business indebtedness discharged in connection with
 11 the reacquisition after December 31, 2008, and before January 1,
 12 2011, of an applicable debt instrument, as provided in Section
 13 108(i) of the Internal Revenue Code.
- 14 (12) Add the amount excluded from federal gross income under
 15 Section 103 of the Internal Revenue Code for interest received on
 16 an obligation of a state other than Indiana, or a political
 17 subdivision of such a state, that is acquired by the taxpayer after
 18 December 31, 2011.
- 19 (13) For taxable years beginning after December 25, 2016:
 20 (A) for a corporation other than a real estate investment trust,
 21 add:
 22 (i) an amount equal to the amount reported by the taxpayer
 23 on IRC 965 Transition Tax Statement, line 1; or
 24 (ii) if the taxpayer deducted an amount under Section 965(c)
 25 of the Internal Revenue Code in determining the taxpayer's
 26 taxable income for purposes of the federal income tax, the
 27 amount deducted under Section 965(c) of the Internal
 28 Revenue Code; and
 29 (B) for a real estate investment trust, add an amount equal to
 30 the deduction for deferred foreign income that was claimed by
 31 the taxpayer for the taxable year under Section 965(c) of the
 32 Internal Revenue Code, but only to the extent that the taxpayer
 33 included income pursuant to Section 965 of the Internal
 34 Revenue Code in its taxable income for federal income tax
 35 purposes or is required to add back dividends paid under
 36 subdivision (9).
- 37 (14) Add an amount equal to the deduction that was claimed by
 38 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 39 Internal Revenue Code (attributable to global intangible
 40 low-taxed income). The taxpayer shall separately specify the
 41 amount of the reduction under Section 250(a)(1)(B)(i) of the
 42 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the



- 1 Internal Revenue Code.
- 2 (15) Subtract any interest expense paid or accrued in the current
3 taxable year but not deducted as a result of the limitation imposed
4 under Section 163(j)(1) of the Internal Revenue Code. Add any
5 interest expense paid or accrued in a previous taxable year but
6 allowed as a deduction under Section 163 of the Internal Revenue
7 Code in the current taxable year. For purposes of this subdivision,
8 an interest expense is considered paid or accrued only in the first
9 taxable year the deduction would have been allowable under
10 Section 163 of the Internal Revenue Code if the limitation under
11 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 12 (16) Subtract the amount that would have been excluded from
13 gross income but for the enactment of Section 118(b)(2) of the
14 Internal Revenue Code for taxable years ending after December
15 22, 2017.
- 16 (17) Add or subtract any other amounts the taxpayer is:
17 (A) required to add or subtract; or
18 (B) entitled to deduct;
19 under IC 6-3-2.
- 20 (c) The following apply to taxable years beginning after December
21 31, 2018, for purposes of the add back of any deduction allowed on the
22 taxpayer's federal income tax return for wagering taxes, as provided in
23 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
24 the taxpayer is a corporation:
- 25 (1) For taxable years beginning after December 31, 2018, and
26 before January 1, 2020, a taxpayer is required to add back under
27 this section eighty-seven and five-tenths percent (87.5%) of any
28 deduction allowed on the taxpayer's federal income tax return for
29 wagering taxes.
- 30 (2) For taxable years beginning after December 31, 2019, and
31 before January 1, 2021, a taxpayer is required to add back under
32 this section seventy-five percent (75%) of any deduction allowed
33 on the taxpayer's federal income tax return for wagering taxes.
- 34 (3) For taxable years beginning after December 31, 2020, and
35 before January 1, 2022, a taxpayer is required to add back under
36 this section sixty-two and five-tenths percent (62.5%) of any
37 deduction allowed on the taxpayer's federal income tax return for
38 wagering taxes.
- 39 (4) For taxable years beginning after December 31, 2021, and
40 before January 1, 2023, a taxpayer is required to add back under
41 this section fifty percent (50%) of any deduction allowed on the
42 taxpayer's federal income tax return for wagering taxes.



- 1 (5) For taxable years beginning after December 31, 2022, and
2 before January 1, 2024, a taxpayer is required to add back under
3 this section thirty-seven and five-tenths percent (37.5%) of any
4 deduction allowed on the taxpayer's federal income tax return for
5 wagering taxes.
- 6 (6) For taxable years beginning after December 31, 2023, and
7 before January 1, 2025, a taxpayer is required to add back under
8 this section twenty-five percent (25%) of any deduction allowed
9 on the taxpayer's federal income tax return for wagering taxes.
- 10 (7) For taxable years beginning after December 31, 2024, and
11 before January 1, 2026, a taxpayer is required to add back under
12 this section twelve and five-tenths percent (12.5%) of any
13 deduction allowed on the taxpayer's federal income tax return for
14 wagering taxes.
- 15 (8) For taxable years beginning after December 31, 2025, a
16 taxpayer is not required to add back under this section any amount
17 of a deduction allowed on the taxpayer's federal income tax return
18 for wagering taxes.
- 19 (d) In the case of life insurance companies (as defined in Section
20 816(a) of the Internal Revenue Code) that are organized under Indiana
21 law, the same as "life insurance company taxable income" (as defined
22 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 23 (1) Subtract income that is exempt from taxation under this article
24 by the Constitution and statutes of the United States.
- 25 (2) Add an amount equal to any deduction allowed or allowable
26 under Section 170 of the Internal Revenue Code (concerning
27 charitable contributions).
- 28 (3) Add an amount equal to a deduction allowed or allowable
29 under Section 805 or Section 832(c) of the Internal Revenue Code
30 for taxes based on or measured by income and levied at the state
31 level by any state.
- 32 (4) Subtract an amount equal to the amount included in the
33 company's taxable income under Section 78 of the Internal
34 Revenue Code (concerning foreign tax credits).
- 35 (5) Add or subtract the amount necessary to make the adjusted
36 gross income of any taxpayer that owns property for which bonus
37 depreciation was allowed in the current taxable year or in an
38 earlier taxable year equal to the amount of adjusted gross income
39 that would have been computed had an election not been made
40 under Section 168(k) of the Internal Revenue Code to apply bonus
41 depreciation to the property in the year that it was placed in
42 service.



- 1 (6) Add an amount equal to any deduction allowed under Section
 2 172 of the Internal Revenue Code (concerning net operating
 3 losses).
 4 (7) Add or subtract the amount necessary to make the adjusted
 5 gross income of any taxpayer that placed Section 179 property (as
 6 defined in Section 179 of the Internal Revenue Code) in service
 7 in the current taxable year or in an earlier taxable year equal to
 8 the amount of adjusted gross income that would have been
 9 computed had an election for federal income tax purposes not
 10 been made for the year in which the property was placed in
 11 service to take deductions under Section 179 of the Internal
 12 Revenue Code in a total amount exceeding the sum of:
 13 (A) twenty-five thousand dollars (\$25,000) to the extent
 14 deductions under Section 179 of the Internal Revenue Code
 15 were not elected as provided in clause (B); and
 16 (B) for taxable years beginning after December 31, 2017, the
 17 deductions elected under Section 179 of the Internal Revenue
 18 Code on property acquired in an exchange if:
 19 (i) the exchange would have been eligible for
 20 nonrecognition of gain or loss under Section 1031 of the
 21 Internal Revenue Code in effect on January 1, 2017;
 22 (ii) the exchange is not eligible for nonrecognition of gain or
 23 loss under Section 1031 of the Internal Revenue Code; and
 24 (iii) the taxpayer made an election to take deductions under
 25 Section 179 of the Internal Revenue Code with regard to the
 26 acquired property in the year that the property was placed
 27 into service.
 28 The amount of deductions allowable for an item of property
 29 under this clause may not exceed the amount of adjusted gross
 30 income realized on the property that would have been deferred
 31 under the Internal Revenue Code in effect on January 1, 2017.
 32 (8) Subtract income that is:
 33 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 34 derived from patents); and
 35 (B) included in the insurance company's taxable income under
 36 the Internal Revenue Code.
 37 (9) Add an amount equal to any income not included in gross
 38 income as a result of the deferral of income arising from business
 39 indebtedness discharged in connection with the reacquisition after
 40 December 31, 2008, and before January 1, 2011, of an applicable
 41 debt instrument, as provided in Section 108(i) of the Internal
 42 Revenue Code. Subtract from the adjusted gross income of any



1 taxpayer that added an amount to adjusted gross income in a
2 previous year the amount necessary to offset the amount included
3 in federal gross income as a result of the deferral of income
4 arising from business indebtedness discharged in connection with
5 the reacquisition after December 31, 2008, and before January 1,
6 2011, of an applicable debt instrument, as provided in Section
7 108(i) of the Internal Revenue Code.

8 (10) Add an amount equal to any exempt insurance income under
9 Section 953(e) of the Internal Revenue Code that is active
10 financing income under Subpart F of Subtitle A, Chapter 1,
11 Subchapter N of the Internal Revenue Code.

12 (11) Add the amount excluded from federal gross income under
13 Section 103 of the Internal Revenue Code for interest received on
14 an obligation of a state other than Indiana, or a political
15 subdivision of such a state, that is acquired by the taxpayer after
16 December 31, 2011.

17 (12) For taxable years beginning after December 25, 2016, add:
18 (A) an amount equal to the amount reported by the taxpayer on
19 IRC 965 Transition Tax Statement, line 1; or
20 (B) if the taxpayer deducted an amount under Section 965(c)
21 of the Internal Revenue Code in determining the taxpayer's
22 taxable income for purposes of the federal income tax, the
23 amount deducted under Section 965(c) of the Internal Revenue
24 Code.

25 (13) Add an amount equal to the deduction that was claimed by
26 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
27 Internal Revenue Code (attributable to global intangible
28 low-taxed income). The taxpayer shall separately specify the
29 amount of the reduction under Section 250(a)(1)(B)(i) of the
30 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
31 Internal Revenue Code.

32 (14) Subtract any interest expense paid or accrued in the current
33 taxable year but not deducted as a result of the limitation imposed
34 under Section 163(j)(1) of the Internal Revenue Code. Add any
35 interest expense paid or accrued in a previous taxable year but
36 allowed as a deduction under Section 163 of the Internal Revenue
37 Code in the current taxable year. For purposes of this subdivision,
38 an interest expense is considered paid or accrued only in the first
39 taxable year the deduction would have been allowable under
40 Section 163 of the Internal Revenue Code if the limitation under
41 Section 163(j)(1) of the Internal Revenue Code did not exist.

42 (15) Subtract the amount that would have been excluded from



- 1 gross income but for the enactment of Section 118(b)(2) of the
 2 Internal Revenue Code for taxable years ending after December
 3 22, 2017.
- 4 (16) Add or subtract any other amounts the taxpayer is:
 5 (A) required to add or subtract; or
 6 (B) entitled to deduct;
 7 under IC 6-3-2.
- 8 (e) In the case of insurance companies subject to tax under Section
 9 831 of the Internal Revenue Code and organized under Indiana law, the
 10 same as "taxable income" (as defined in Section 832 of the Internal
 11 Revenue Code), adjusted as follows:
- 12 (1) Subtract income that is exempt from taxation under this article
 13 by the Constitution and statutes of the United States.
- 14 (2) Add an amount equal to any deduction allowed or allowable
 15 under Section 170 of the Internal Revenue Code (concerning
 16 charitable contributions).
- 17 (3) Add an amount equal to a deduction allowed or allowable
 18 under Section 805 or Section 832(c) of the Internal Revenue Code
 19 for taxes based on or measured by income and levied at the state
 20 level by any state.
- 21 (4) Subtract an amount equal to the amount included in the
 22 company's taxable income under Section 78 of the Internal
 23 Revenue Code (concerning foreign tax credits).
- 24 (5) Add or subtract the amount necessary to make the adjusted
 25 gross income of any taxpayer that owns property for which bonus
 26 depreciation was allowed in the current taxable year or in an
 27 earlier taxable year equal to the amount of adjusted gross income
 28 that would have been computed had an election not been made
 29 under Section 168(k) of the Internal Revenue Code to apply bonus
 30 depreciation to the property in the year that it was placed in
 31 service.
- 32 (6) Add an amount equal to any deduction allowed under Section
 33 172 of the Internal Revenue Code (concerning net operating
 34 losses).
- 35 (7) Add or subtract the amount necessary to make the adjusted
 36 gross income of any taxpayer that placed Section 179 property (as
 37 defined in Section 179 of the Internal Revenue Code) in service
 38 in the current taxable year or in an earlier taxable year equal to
 39 the amount of adjusted gross income that would have been
 40 computed had an election for federal income tax purposes not
 41 been made for the year in which the property was placed in
 42 service to take deductions under Section 179 of the Internal



- 1 Revenue Code in a total amount exceeding the sum of:
- 2 (A) twenty-five thousand dollars (\$25,000) to the extent
- 3 deductions under Section 179 of the Internal Revenue Code
- 4 were not elected as provided in clause (B); and
- 5 (B) for taxable years beginning after December 31, 2017, the
- 6 deductions elected under Section 179 of the Internal Revenue
- 7 Code on property acquired in an exchange if:
- 8 (i) the exchange would have been eligible for
- 9 nonrecognition of gain or loss under Section 1031 of the
- 10 Internal Revenue Code in effect on January 1, 2017;
- 11 (ii) the exchange is not eligible for nonrecognition of gain or
- 12 loss under Section 1031 of the Internal Revenue Code; and
- 13 (iii) the taxpayer made an election to take deductions under
- 14 Section 179 of the Internal Revenue Code with regard to the
- 15 acquired property in the year that the property was placed
- 16 into service.
- 17 The amount of deductions allowable for an item of property
- 18 under this clause may not exceed the amount of adjusted gross
- 19 income realized on the property that would have been deferred
- 20 under the Internal Revenue Code in effect on January 1, 2017.
- 21 (8) Subtract income that is:
- 22 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
- 23 derived from patents); and
- 24 (B) included in the insurance company's taxable income under
- 25 the Internal Revenue Code.
- 26 (9) Add an amount equal to any income not included in gross
- 27 income as a result of the deferral of income arising from business
- 28 indebtedness discharged in connection with the reacquisition after
- 29 December 31, 2008, and before January 1, 2011, of an applicable
- 30 debt instrument, as provided in Section 108(i) of the Internal
- 31 Revenue Code. Subtract from the adjusted gross income of any
- 32 taxpayer that added an amount to adjusted gross income in a
- 33 previous year the amount necessary to offset the amount included
- 34 in federal gross income as a result of the deferral of income
- 35 arising from business indebtedness discharged in connection with
- 36 the reacquisition after December 31, 2008, and before January 1,
- 37 2011, of an applicable debt instrument, as provided in Section
- 38 108(i) of the Internal Revenue Code.
- 39 (10) Add an amount equal to any exempt insurance income under
- 40 Section 953(e) of the Internal Revenue Code that is active
- 41 financing income under Subpart F of Subtitle A, Chapter 1,
- 42 Subchapter N of the Internal Revenue Code.



- 1 (11) Add the amount excluded from federal gross income under
 2 Section 103 of the Internal Revenue Code for interest received on
 3 an obligation of a state other than Indiana, or a political
 4 subdivision of such a state, that is acquired by the taxpayer after
 5 December 31, 2011.
- 6 (12) For taxable years beginning after December 25, 2016, add:
 7 (A) an amount equal to the amount reported by the taxpayer on
 8 IRC 965 Transition Tax Statement, line 1; or
 9 (B) if the taxpayer deducted an amount under Section 965(c)
 10 of the Internal Revenue Code in determining the taxpayer's
 11 taxable income for purposes of the federal income tax, the
 12 amount deducted under Section 965(c) of the Internal Revenue
 13 Code.
- 14 (13) Add an amount equal to the deduction that was claimed by
 15 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 16 Internal Revenue Code (attributable to global intangible
 17 low-taxed income). The taxpayer shall separately specify the
 18 amount of the reduction under Section 250(a)(1)(B)(i) of the
 19 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 20 Internal Revenue Code.
- 21 (14) Subtract any interest expense paid or accrued in the current
 22 taxable year but not deducted as a result of the limitation imposed
 23 under Section 163(j)(1) of the Internal Revenue Code. Add any
 24 interest expense paid or accrued in a previous taxable year but
 25 allowed as a deduction under Section 163 of the Internal Revenue
 26 Code in the current taxable year. For purposes of this subdivision,
 27 an interest expense is considered paid or accrued only in the first
 28 taxable year the deduction would have been allowable under
 29 Section 163 of the Internal Revenue Code if the limitation under
 30 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 31 (15) Subtract the amount that would have been excluded from
 32 gross income but for the enactment of Section 118(b)(2) of the
 33 Internal Revenue Code for taxable years ending after December
 34 22, 2017.
- 35 (16) Add or subtract any other amounts the taxpayer is:
 36 (A) required to add or subtract; or
 37 (B) entitled to deduct;
 38 under IC 6-3-2.
- 39 (f) In the case of trusts and estates, "taxable income" (as defined for
 40 trusts and estates in Section 641(b) of the Internal Revenue Code)
 41 adjusted as follows:
 42 (1) Subtract income that is exempt from taxation under this article



- 1 by the Constitution and statutes of the United States.
- 2 (2) Subtract an amount equal to the amount of a September 11
- 3 terrorist attack settlement payment included in the federal
- 4 adjusted gross income of the estate of a victim of the September
- 5 11 terrorist attack or a trust to the extent the trust benefits a victim
- 6 of the September 11 terrorist attack.
- 7 (3) Add or subtract the amount necessary to make the adjusted
- 8 gross income of any taxpayer that owns property for which bonus
- 9 depreciation was allowed in the current taxable year or in an
- 10 earlier taxable year equal to the amount of adjusted gross income
- 11 that would have been computed had an election not been made
- 12 under Section 168(k) of the Internal Revenue Code to apply bonus
- 13 depreciation to the property in the year that it was placed in
- 14 service.
- 15 (4) Add an amount equal to any deduction allowed under Section
- 16 172 of the Internal Revenue Code (concerning net operating
- 17 losses).
- 18 (5) Add or subtract the amount necessary to make the adjusted
- 19 gross income of any taxpayer that placed Section 179 property (as
- 20 defined in Section 179 of the Internal Revenue Code) in service
- 21 in the current taxable year or in an earlier taxable year equal to
- 22 the amount of adjusted gross income that would have been
- 23 computed had an election for federal income tax purposes not
- 24 been made for the year in which the property was placed in
- 25 service to take deductions under Section 179 of the Internal
- 26 Revenue Code in a total amount exceeding the sum of:
- 27 (A) twenty-five thousand dollars (\$25,000) to the extent
- 28 deductions under Section 179 of the Internal Revenue Code
- 29 were not elected as provided in clause (B); and
- 30 (B) for taxable years beginning after December 31, 2017, the
- 31 deductions elected under Section 179 of the Internal Revenue
- 32 Code on property acquired in an exchange if:
- 33 (i) the exchange would have been eligible for
- 34 nonrecognition of gain or loss under Section 1031 of the
- 35 Internal Revenue Code in effect on January 1, 2017;
- 36 (ii) the exchange is not eligible for nonrecognition of gain or
- 37 loss under Section 1031 of the Internal Revenue Code; and
- 38 (iii) the taxpayer made an election to take deductions under
- 39 Section 179 of the Internal Revenue Code with regard to the
- 40 acquired property in the year that the property was placed
- 41 into service.
- 42 The amount of deductions allowable for an item of property



- 1 under this clause may not exceed the amount of adjusted gross
 2 income realized on the property that would have been deferred
 3 under the Internal Revenue Code in effect on January 1, 2017.
- 4 (6) Subtract income that is:
 5 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 6 derived from patents); and
 7 (B) included in the taxpayer's taxable income under the
 8 Internal Revenue Code.
- 9 (7) Add an amount equal to any income not included in gross
 10 income as a result of the deferral of income arising from business
 11 indebtedness discharged in connection with the reacquisition after
 12 December 31, 2008, and before January 1, 2011, of an applicable
 13 debt instrument, as provided in Section 108(i) of the Internal
 14 Revenue Code. Subtract from the adjusted gross income of any
 15 taxpayer that added an amount to adjusted gross income in a
 16 previous year the amount necessary to offset the amount included
 17 in federal gross income as a result of the deferral of income
 18 arising from business indebtedness discharged in connection with
 19 the reacquisition after December 31, 2008, and before January 1,
 20 2011, of an applicable debt instrument, as provided in Section
 21 108(i) of the Internal Revenue Code.
- 22 (8) Add the amount excluded from federal gross income under
 23 Section 103 of the Internal Revenue Code for interest received on
 24 an obligation of a state other than Indiana, or a political
 25 subdivision of such a state, that is acquired by the taxpayer after
 26 December 31, 2011.
- 27 (9) For taxable years beginning after December 25, 2016, add an
 28 amount equal to:
 29 (A) the amount reported by the taxpayer on IRC 965
 30 Transition Tax Statement, line 1;
 31 (B) if the taxpayer deducted an amount under Section 965(c)
 32 of the Internal Revenue Code in determining the taxpayer's
 33 taxable income for purposes of the federal income tax, the
 34 amount deducted under Section 965(c) of the Internal Revenue
 35 Code; and
 36 (C) with regard to any amounts of income under Section 965
 37 of the Internal Revenue Code distributed by the taxpayer, the
 38 deduction under Section 965(c) of the Internal Revenue Code
 39 attributable to such distributed amounts and not reported to the
 40 beneficiary.
- 41 For purposes of this article, the amount required to be added back
 42 under clause (B) is not considered to be distributed or



- 1 distributable to a beneficiary of the estate or trust for purposes of
2 Sections 651 and 661 of the Internal Revenue Code.
- 3 (10) Subtract any interest expense paid or accrued in the current
4 taxable year but not deducted as a result of the limitation imposed
5 under Section 163(j)(1) of the Internal Revenue Code. Add any
6 interest expense paid or accrued in a previous taxable year but
7 allowed as a deduction under Section 163 of the Internal Revenue
8 Code in the current taxable year. For purposes of this subdivision,
9 an interest expense is considered paid or accrued only in the first
10 taxable year the deduction would have been allowable under
11 Section 163 of the Internal Revenue Code if the limitation under
12 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 13 (11) Add an amount equal to the deduction for qualified business
14 income that was claimed by the taxpayer for the taxable year
15 under Section 199A of the Internal Revenue Code.
- 16 (12) Subtract the amount that would have been excluded from
17 gross income but for the enactment of Section 118(b)(2) of the
18 Internal Revenue Code for taxable years ending after December
19 22, 2017.
- 20 (13) Add or subtract any other amounts the taxpayer is:
21 (A) required to add or subtract; or
22 (B) entitled to deduct;
23 under IC 6-3-2.
- 24 (g) Subsections (a)(26), (b)(17), (d)(16), (e)(16), or (f)(13) may not
25 be construed to require an add back or allow a deduction or exemption
26 more than once for a particular add back, deduction, or exemption.
- 27 (h) For taxable years beginning after December 25, 2016, if:
28 (1) a taxpayer is a shareholder, either directly or indirectly, in a
29 corporation that is an E&P deficit foreign corporation as defined
30 in Section 965(b)(3)(B) of the Internal Revenue Code, and the
31 earnings and profit deficit, or a portion of the earnings and profit
32 deficit, of the E&P deficit foreign corporation is permitted to
33 reduce the federal adjusted gross income or federal taxable
34 income of the taxpayer, the deficit, or the portion of the deficit,
35 shall also reduce the amount taxable under this section to the
36 extent permitted under the Internal Revenue Code, however, in no
37 case shall this permit a reduction in the amount taxable under
38 Section 965 of the Internal Revenue Code for purposes of this
39 section to be less than zero (0); and
40 (2) the Internal Revenue Service issues guidance that such an
41 income or deduction is not reported directly on a federal tax
42 return or is to be reported in a manner different than specified in



- 1 this section, this section shall be construed as if federal adjusted
 2 gross income or federal taxable income included the income or
 3 deduction.
- 4 SECTION 2. IC 12-17.2-7.2-11, AS AMENDED BY P.L.184-2017,
 5 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2021]: Sec. 11. Except as provided under
 7 ~~IC 20-51-1-4.3(3)(E)~~, **IC 20-51-1-4.3(4)(E)**, the receipt of a grant
 8 under the pilot program does not qualify, nor have an effect on the
 9 qualification or eligibility, of a child for a choice scholarship under
 10 IC 20-51-4.
- 11 SECTION 3. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,
 12 SECTION 268, IS AMENDED TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2021]: Sec. 1. **Except as provided in**
 14 **IC 20-51.4-4-2**, the department shall distribute the amount
 15 appropriated by the general assembly for distribution as state tuition
 16 support in accordance with this article. If the appropriations for
 17 distribution as state tuition support are more than required under this
 18 article, any excess shall revert to the state general fund. The
 19 appropriations for state tuition support shall be made each state fiscal
 20 year under a schedule set by the budget agency and approved by the
 21 governor. However, the schedule must provide:
- 22 (1) for at least twelve (12) payments;
 - 23 (2) that one (1) payment shall be made at least every forty (40)
 24 days; and
 - 25 (3) the total of the payments in each state fiscal year must equal
 26 the amount required under this article.
- 27 SECTION 4. IC 20-43-2-3, AS AMENDED BY P.L.10-2019,
 28 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2021]: Sec. 3. In determining the total amount to be
 30 distributed for purposes of section 2 of this chapter, distributions:
- 31 (1) as basic tuition support;
 - 32 (2) for honors designation awards;
 - 33 (3) for special education grants;
 - 34 (4) for career and technical education grants;
 - 35 (5) for choice scholarships; ~~and~~
 - 36 (6) for Mitch Daniels early graduation scholarships; **and**
 37 **(7) for Indiana education savings account grants;**
- 38 are to be considered for a particular state fiscal year.
- 39 SECTION 5. IC 20-51-1-4.3, AS AMENDED BY P.L.184-2017,
 40 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 41 JULY 1, 2021]: Sec. 4.3. "Eligible choice scholarship student" refers
 42 to an individual who:



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(1) has legal settlement in Indiana;
(2) is at least five (5) years of age and less than twenty-two (22) years of age on the date in the school year specified in IC 20-33-2-7; and

(3) is a member of a household with an annual income of not more than:

(A) for a school year beginning after June 30, 2021, and before July 1, 2022, two hundred twenty-five percent (225%) of the amount required for the individual to qualify for the federal free or reduced price lunch program; or

(B) for a school year beginning after June 30, 2022, three hundred percent (300%) of the amount required for the individual to qualify for the federal free or reduced price lunch program; and

~~(3)~~ **(4) meets at least one (1) of the following conditions:**

(A) The individual is

(i) a student with a disability who requires special education and for whom an individualized education program has been developed under IC 20-35 or a service plan developed under 511 IAC 7-34. and

(ii) a member of a household with an annual income of not more than two hundred percent (200%) of the amount required for the individual to qualify for the federal free or reduced price lunch program.

(B) The individual is

(i) an individual who, because of the school corporation's residency requirement, would be required to attend a specific public school within a school corporation that has been placed in the lowest category or designation of school improvement under IC 20-31-8-4 (has been assigned an "F" grade). and

(ii) ~~except as provided in IC 20-51-4-2.5;~~ is a member of a household with an annual income of not more than one hundred fifty percent (150%) of the amount required for the individual to qualify for the federal free or reduced price lunch program.

An individual to whom this clause applies is not required to attend the public school before becoming eligible for a choice scholarship, and may not be required to return to the public school if the public school is placed in a higher category or designation under IC 20-31-8-4.



- 1 (C) Except as provided in IC 20-51-4-2.5, the individual is a
 2 member of a household with an annual income of not more
 3 than one hundred fifty percent (150%) of the amount required
 4 for the individual to qualify for the federal free or reduced
 5 price lunch program and The individual was enrolled in
 6 kindergarten through grade 12, in a public school, including a
 7 charter school, in Indiana for at least two (2) semesters
 8 immediately preceding the first semester for which the
 9 individual receives a choice scholarship under IC 20-51-4.
- 10 (D) The individual or a sibling of the individual ~~who, except~~
 11 ~~as provided in IC 20-51-4-2.5, is a member of a household~~
 12 ~~with an annual income of not more than one hundred fifty~~
 13 ~~percent (150%) of the amount required for the individual to~~
 14 ~~qualify for the federal free or reduced price lunch program and~~
 15 satisfies either of the following:
- 16 (i) The individual or a sibling of the individual received
 17 before July 1, 2013, a scholarship from a scholarship
 18 granting organization under IC 20-51-3 or a choice
 19 scholarship under IC 20-51-4 in a preceding school year,
 20 including a school year that does not immediately precede
 21 a school year in which the individual receives a scholarship
 22 from a scholarship granting organization under IC 20-51-3
 23 or a choice scholarship under IC 20-51-4.
- 24 (ii) The individual or a sibling of the individual receives for
 25 the first time after June 30, 2013, a scholarship of at least
 26 five hundred dollars (\$500) from a scholarship granting
 27 organization under IC 20-51-3 or a choice scholarship under
 28 IC 20-51-4 in a preceding school year, including a school
 29 year that does not immediately precede a school year in
 30 which the individual receives a scholarship from a
 31 scholarship granting organization under IC 20-51-3 or a
 32 choice scholarship under IC 20-51-4.
- 33 (E) Subject to IC 20-51-4-2.7, the individual:
- 34 (i) received an early education grant under IC 12-17.2-7.2;
 35 (ii) used the grant described in item (i) to attend a
 36 prekindergarten program at an eligible school; **and**
 37 ~~(iii) continues to meet the income eligibility requirements~~
 38 ~~the individual was required to meet to receive an early~~
 39 ~~education grant under IC 12-17.2-7.2; and~~
 40 ~~(iv) (iii) continues to attend the eligible school at which the~~
 41 ~~individual attended a prekindergarten program as described~~
 42 ~~in item (ii).~~



1 **(F) The individual is in foster care.**

2 SECTION 6. IC 20-51-1-5.5 IS ADDED TO THE INDIANA CODE
3 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2021]: **Sec. 5.5. "Parent", for purposes of IC 20-51-4, includes**
5 **the foster parent of an eligible choice scholarship student.**

6 SECTION 7. IC 20-51-4-2, AS AMENDED BY P.L.211-2013,
7 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2021]: Sec. 2. (a) ~~Subject to subsection (b)~~; **Except as**
9 **provided in subsection (b)**, an eligible choice scholarship student is
10 entitled to a choice scholarship under this chapter for each school year
11 ~~beginning after June 30, 2011~~; that the eligible choice scholarship
12 student enrolls in an eligible school.

13 ~~(b) The department may not award more than:~~

14 ~~(1) seven thousand five hundred (7,500) choice scholarships for~~
15 ~~the school year beginning July 1, 2011, and ending June 30, 2012;~~
16 ~~and~~

17 ~~(2) fifteen thousand (15,000) choice scholarships for the school~~
18 ~~year beginning July 1, 2012, and ending June 30, 2013.~~

19 ~~The department shall establish the standards used to allocate choice~~
20 ~~scholarships among eligible choice scholarship students.~~

21 **(b) An eligible choice scholarship student is not entitled to a**
22 **choice scholarship under this chapter for a particular year if the**
23 **eligible choice scholarship student receives an annual grant**
24 **amount under IC 20-51.4-4-2 under the Indiana education savings**
25 **account program for the same school year.**

26 SECTION 8. IC 20-51-4-2.5 IS REPEALED [EFFECTIVE JULY
27 1, 2021]. ~~Sec. 2.5. Notwithstanding IC 20-51-1-4.3(3)(B);~~
28 ~~IC 20-51-1-4.3(3)(C); or IC 20-51-1-4.3(3)(D)(ii); an individual who~~
29 ~~initially meets the income requirements under IC 20-51-1-4.3(3)(B);~~
30 ~~IC 20-51-1-4.3(3)(C); or IC 20-51-1-4.3(3)(D)(ii) and is a member of~~
31 ~~a household whose income subsequently increases is considered to~~
32 ~~meet the income requirements for as long as the individual is enrolled~~
33 ~~in an eligible school and is a member of a household with an annual~~
34 ~~income of not more than two hundred percent (200%) of the amount~~
35 ~~required for the individual to qualify for the federal free or reduced~~
36 ~~price lunch program.~~

37 SECTION 9. IC 20-51-4-2.7, AS ADDED BY P.L.184-2017,
38 SECTION 35, IS AMENDED TO READ AS FOLLOWS: Sec. 2.7. An
39 eligible choice scholarship student described in ~~IC 20-51-1-4.3(3)(E)~~
40 **IC 20-51-1-4.3(4)(E)** may only use a choice scholarship awarded to the
41 eligible choice scholarship student under this chapter to attend an
42 eligible school at which the individual used an early education grant



1 under IC 12-17.2-7.2 to attend a prekindergarten program unless the
 2 eligible choice scholarship student otherwise qualifies for a choice
 3 scholarship under ~~IC 20-51-1-4.3(3)(A)~~ **IC 20-51-1-4.3(4)(A)** through
 4 ~~IC 20-51-1-4.3(3)(D)~~ **IC 20-51-1-4.3(4)(D)** or **IC 20-51-1-4.3(4)(F)**
 5 and this chapter.

6 SECTION 10. IC 20-51-4-4, AS AMENDED BY P.L.108-2019,
 7 SECTION 234, IS AMENDED TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2021]: Sec. 4. (a) The amount an eligible choice
 9 scholarship student is entitled to receive under this chapter for a school
 10 year is equal to the following:

11 (1) The least of the following:

12 (A) The sum of the tuition ~~or~~ transfer tuition and fees required
 13 for enrollment or attendance of the eligible choice scholarship
 14 student at the eligible school selected by the eligible choice
 15 scholarship student for a school year that the eligible choice
 16 scholarship student (or the parent of the eligible choice
 17 scholarship student) would otherwise be obligated to pay to
 18 the eligible school.

19 (B) An amount equal to

20 (i) ninety percent (90%) of the state tuition support amount
 21 determined under section 5 of this chapter. ~~if the eligible~~
 22 ~~choice scholarship student is a member of a household with~~
 23 ~~an annual income of not more than the amount required for~~
 24 ~~the eligible choice scholarship student to qualify for the~~
 25 ~~federal free or reduced price lunch program;~~

26 (ii) seventy percent (70%) of the state tuition support
 27 amount determined under section 5 of this chapter if the
 28 eligible choice scholarship student is a member of a
 29 household with an annual income of, in the case of an
 30 individual not described in section 2.5 of this chapter or item
 31 (i), not more than one hundred twenty-five percent (125%)
 32 of the amount required for the eligible choice scholarship
 33 student to qualify for the federal free or reduced price lunch
 34 program; and

35 (iii) fifty percent (50%) of the state tuition support amount
 36 determined under section 5 of this chapter if the eligible
 37 choice scholarship student is a member of a household with
 38 an annual income of, in the case of an individual not
 39 described in section 2.5 of this chapter or item (i) or (ii), not
 40 more than one hundred fifty percent (150%) of the amount
 41 required for the eligible choice scholarship student to
 42 qualify for the federal free or reduced price lunch program



1 or; in the case of an individual described in section 2.5 of
 2 this chapter, not more than two hundred percent (200%) of
 3 the amount required for the eligible choice scholarship
 4 student to qualify for the federal free or reduced price lunch
 5 program.

6 (2) In addition to the amount described in subdivision (1), if the
 7 eligible choice scholarship student has been identified as eligible
 8 for special education services under IC 20-35 and the eligible
 9 school provides the necessary special education or related
 10 services to the eligible choice scholarship student, any amount
 11 that a school corporation would receive under IC 20-43-7 for the
 12 eligible choice scholarship student if the eligible choice
 13 scholarship student attended the school corporation. However, if
 14 an eligible choice scholarship student changes schools during the
 15 school year after the December 1 count under IC 20-43-7-1 of
 16 eligible pupils enrolled in special education programs and the
 17 eligible choice scholarship student enrolls in a different eligible
 18 school, any choice scholarship amounts paid to the eligible choice
 19 scholarship student for the remainder of the school year after the
 20 eligible choice scholarship student enrolls in the different eligible
 21 school shall not include amounts that a school corporation would
 22 receive under IC 20-43-7 for the eligible choice scholarship
 23 student if the eligible choice scholarship student attended the
 24 school corporation.

25 (b) The amount an eligible choice scholarship student is entitled to
 26 receive under this chapter if the eligible student applies for the choice
 27 scholarship under section 7(e) of this chapter shall be reduced on a
 28 prorated basis in the manner prescribed in section 6 of this chapter.

29 SECTION 11. IC 20-51-4-5, AS AMENDED BY P.L.106-2016,
 30 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2021]: Sec. 5. The state tuition support amount to be used in
 32 section 4(a)(1)(B) of this chapter for an eligible choice scholarship
 33 student is the amount determined under the last STEP of the following
 34 formula:

35 STEP ONE: Determine the school corporation in which the
 36 eligible choice scholarship student has legal settlement.

37 STEP TWO: Determine the amount of state tuition support that
 38 the school corporation identified under STEP ONE is eligible to
 39 receive under IC 20-43 for the state fiscal year in which the
 40 current school year begins, ~~excluding~~ **including the basic tuition**
 41 **support amount made under IC 20-43-6 and grants made**
 42 **under IC 20-43-10-2. However, the amount does not include**



1 amounts provided for special education grants under IC 20-43-7
2 and career and technical education grants under IC 20-43-8.

3 STEP THREE: Determine the result of:

4 (A) the STEP TWO amount; divided by

5 (B) the current ADM (as defined in IC 20-43-1-10) for the
6 school corporation identified under STEP ONE for the state
7 fiscal year used in STEP TWO.

8 SECTION 12. IC 20-51-4-10, AS AMENDED BY P.L.106-2016,
9 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2021]: Sec. 10. The department shall distribute choice
11 scholarships at least once each semester, or at equivalent intervals. The
12 department may distribute the choice scholarship to the eligible choice
13 scholarship student (or the parent of the eligible choice scholarship
14 student) for the purpose of paying the educational costs described in
15 section 4(1)(A) of this chapter (before July 1, 2017) or in section
16 4(a)(1)(A) of this chapter. (after June 30, 2017). For the distribution to
17 be valid, the eligible choice scholarship student (or the parent of the
18 eligible choice scholarship student) and the eligible school providing
19 educational services to the eligible choice scholarship student must
20 annually sign a form, prescribed by the department to endorse
21 distributions for the particular school year. If:

22 (1) an eligible choice scholarship student who is receiving a
23 choice scholarship for a school year changes schools during the
24 school year after signing the form to endorse distributions for that
25 school year; and

26 (2) the eligible choice scholarship student enrolls in a different
27 eligible school that has not signed the form to endorse
28 distributions for that school year;

29 the eligible choice scholarship student (or the parent of the eligible
30 choice scholarship student) and the eligible school must sign the form
31 prescribed by the department to endorse distributions for the particular
32 school year.

33 SECTION 13. IC 20-51.4 IS ADDED TO THE INDIANA CODE
34 AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY
35 1, 2021]:

36 **ARTICLE 51.4. INDIANA EDUCATION SAVINGS**
37 **ACCOUNT PROGRAM**

38 **Chapter 1. Applicability**

39 **Sec. 1. This article applies to a school year beginning after June**
40 **30, 2021, and each school year thereafter.**

41 **Chapter 2. Definitions**

42 **Sec. 1. The definitions in this chapter apply throughout this**



- 1 article.
- 2 **Sec. 2. "Account" refers to an Indiana education savings**
 3 **account established by an eligible student's parent or an**
 4 **emancipated (as described in IC 20-26-11-4) eligible student under**
 5 **IC 20-51.4-4-1.**
- 6 **Sec. 3. "Annual grant amount" refers to the annual grant**
 7 **amount deposited into the eligible student's account under**
 8 **IC 20-51.4-4-2.**
- 9 **Sec. 4. "Approved postsecondary educational institution" has**
 10 **the meaning set forth in IC 21-7-13-6(a).**
- 11 **Sec. 5. "Eligible student" refers to an individual who:**
- 12 **(1) has legal settlement in Indiana;**
 13 **(2) is at least five (5) years of age and less than twenty-two**
 14 **(22) years of age on the date in the school year specified in**
 15 **IC 20-33-2-7;**
 16 **(3) is:**
- 17 **(A) a student with a disability at the time the account is**
 18 **established who requires special education and for whom:**
 19 **(i) an individualized education program;**
 20 **(ii) a service plan developed under 511 IAC 7-34;**
 21 **(iii) a choice special education plan developed under 511**
 22 **IAC 7-49; or**
 23 **(iv) a plan developed under Section 504 of the federal**
 24 **Rehabilitation Act of 1973, 29 U.S.C. 794;**
 25 **has been developed;**
 26 **(B) a student with a parent who, at the time the account is**
 27 **established:**
 28 **(i) is on active duty service in the armed forces of the**
 29 **United States or national guard; or**
 30 **(ii) served in the armed forces of the United States or**
 31 **national guard, received an honorable discharge, and has**
 32 **a service related disability; or**
 33 **(C) placed in foster care or otherwise under care and**
 34 **supervision of the department of child services at the time**
 35 **the account is established; and**
- 36 **(4) either:**
 37 **(A) established an account; or**
 38 **(B) had an account established on behalf of the individual;**
 39 **that has not been frozen by the treasurer of state under**
 40 **IC 20-51.4-4-9.**
- 41 **Sec. 6. "Participating entity" refers to an individual or entity**
 42 **authorized by the treasurer of state to participate in the program**



- 1 under IC 20-51.4-5-2.
- 2 Sec. 7. "Program" refers to the Indiana education savings
3 account program established by IC 20-51.4-3-1.
- 4 Sec. 8. "Public school" refers to a school maintained by a school
5 corporation or a charter school.
- 6 Sec. 9. "Qualified expenses" refers to the following expenses
7 related to the education of an eligible student:
- 8 (1) Tuition and fees at a qualified school, public school, or
9 other participating entity.
- 10 (2) Curricular materials required to be used by the eligible
11 student at a qualified school, public school, or other
12 participating entity.
- 13 (3) Payment for the purchase of curricular materials or any
14 supplemental materials required to administer the
15 curriculum.
- 16 (4) Fees for:
- 17 (A) national norm referenced examinations;
- 18 (B) advanced placement examinations;
- 19 (C) any examinations necessary for admission to an
20 approved postsecondary educational institution; or
- 21 (D) assessments associated with industry recognized
22 credentials.
- 23 (5) Educational services for an eligible student who is a
24 student with a disability, provided in accordance with the
25 eligible student's:
- 26 (A) individualized education program developed under
27 IC 20-35 or service plan developed under 511 IAC 7-34; or
- 28 (B) plan established in accordance with Section 504 of the
29 Rehabilitation Act of 1973, 29 U.S.C. 794.
- 30 (6) Tuition and fees at an approved postsecondary educational
31 institution or vocational school.
- 32 (7) Curricular materials required for courses in which the
33 eligible student is enrolled at an approved postsecondary
34 educational institution.
- 35 (8) Services contracted for and provided by a school
36 corporation, charter school, or magnet school, including:
- 37 (A) individual classes; or
- 38 (B) extracurricular activities or programs.
- 39 (9) Occupational therapy for a student with a disability,
40 provided in accordance with the eligible student's
41 individualized education program developed under IC 20-35
42 or service plan developed under 511 IAC 7-34.



- 1 **(10) Educational services or therapies, including:**
- 2 **(A) behavioral therapy;**
- 3 **(B) physical therapy;**
- 4 **(C) speech or language therapy; or**
- 5 **(D) audiology therapy.**
- 6 **(11) Tuition, fees, instructional material, and examination fees**
- 7 **at a career or technical school.**
- 8 **(12) Computer hardware or other technological devices one**
- 9 **(1) time every three (3) years if used for an eligible student's**
- 10 **educational needs and approved by the treasurer of state.**
- 11 **(13) Subject to IC 20-51.4-4-7, fees for transportation paid to**
- 12 **a fee-for-service transportation provider for the eligible**
- 13 **student to travel to and from an approved service provider.**
- 14 **(14) Fees for the management of the account, as described in**
- 15 **IC 20-51.4-3-2(c).**
- 16 **(15) An expense approved by the treasurer of state under**
- 17 **IC 20-51.4-3-7.**

18 **Sec. 10. "Qualified school" refers to a nonpublic school**
 19 **accredited by either the state board or a national or regional**
 20 **accreditation agency that is recognized by the state board:**

- 21 **(1) to which an eligible student is required to pay tuition to**
- 22 **attend;**
- 23 **(2) that agrees to enroll an eligible student; and**
- 24 **(3) that administers an exam required under**
- 25 **IC 20-51-1-6(a)(4).**

26 **Chapter 3. Administration of Indiana Education Savings**
 27 **Accounts**

28 **Sec. 1. The Indiana education savings account program is**
 29 **established.**

30 **Sec. 2. (a) The program shall be administered by the treasurer**
 31 **of state in consultation with the state board and the department.**

32 **(b) The treasurer of state shall contract with one (1) or more**
 33 **entities to maintain and manage accounts established under**
 34 **IC 20-51.4-4-1 after issuing a request for proposal under IC 5-30-6.**

35 **Each entity shall:**

- 36 **(1) meet qualification requirements established by the**
- 37 **treasurer of state;**
- 38 **(2) comply with generally accepted accounting principles; and**
- 39 **(3) maintain deposit accounts for which deposits are insured**
- 40 **by the Federal Deposit Insurance Corporation (FDIC) or the**
- 41 **National Credit Union Share Insurance Fund.**

42 **(c) The treasurer of state shall establish reasonable fees for**



1 entities described in subsection (b) participating in the program
2 based upon market rates.

3 **Sec. 3. (a)** The program is subject to annual audit by an
4 independent public accounting firm retained by the treasurer of
5 state.

6 **(b)** The treasurer of state shall promptly transmit copies of each
7 annual audit to the governor and, in an electronic format under
8 IC 5-14-6, the general assembly. Upon request, the treasurer of
9 state shall make copies of the audit available to the public.

10 **Sec. 4.** The treasurer of state, in collaboration with the
11 department, shall annually provide to the parent of an eligible
12 student who does not have an account or an emancipated eligible
13 student who does not have an account a written explanation of how
14 to establish an account, the tax advantages of an account,
15 authorized uses of the money in an account, and the responsibilities
16 of the parent of an eligible student or an emancipated eligible
17 student and the treasurer of state regarding an account established
18 under IC 20-51.4-4-1.

19 **Sec. 5. (a)** The treasurer of state shall administer an annual
20 survey of parents of eligible students and emancipated eligible
21 students who maintain an account under IC 20-51.4-4-1. The
22 survey must request information:

- 23 (1) regarding when the account was established and the
24 number of grants received;
- 25 (2) relating to relative satisfaction with the program; and
- 26 (3) regarding opinions on any topics, items, or issues that the
27 treasurer of state determines may improve the effectiveness
28 of the program.

29 **(b)** Not later than November 1, 2021, and each November 1
30 thereafter, the treasurer of state shall annually provide a summary
31 of the survey administered under subsection (a) to the governor
32 and, in an electronic format under IC 5-14-6, the legislative
33 council.

34 **Sec. 6.** The treasurer of state shall provide online services and
35 capabilities including, but not limited to, the following:

- 36 (1) A method for parents to submit an application agreement
37 described in IC 20-51.4-4-1(a).
- 38 (2) A method for an eligible school and a participating entity
39 to submit the intent of the eligible school or participating
40 entity to participate in the program.
- 41 (3) A method for parents to identify and select eligible schools
42 and participating entities participating in the program.



1 **(4) A method for parents and participating entities to initiate**
 2 **and receive payments from an eligible student's account.**

3 **(5) A method for parents to rate the parent's experience with**
 4 **a participating entity and the ability for other parents of**
 5 **eligible students to see the rating.**

6 **(6) Methods that are intuitive and allow for contributions to**
 7 **be easily made to an eligible student's account.**

8 **Sec. 7. Not later than July 1, 2023, the treasurer of state, in**
 9 **consultation with the state board and the department, shall**
 10 **establish a procedure to allow a parent of an eligible student or an**
 11 **emancipated eligible student to petition for the approval of an**
 12 **expense not listed under IC 20-51.4-2-9(1) through**
 13 **IC 20-51.4-2-9(14).**

14 **Chapter 4. Indiana Education Savings Accounts**

15 **Sec. 1. (a) A parent of an eligible student or an emancipated**
 16 **eligible student may establish an Indiana education savings**
 17 **account for the eligible student by entering into a written**
 18 **agreement with the treasurer of state on a form prepared by the**
 19 **treasurer of state. The treasurer of state shall make the agreement**
 20 **available on the Internet web site of the treasurer of state. To be**
 21 **eligible, a parent of an eligible student or an emancipated eligible**
 22 **student wishing to participate in the program must agree that:**

23 **(1) a grant deposited in the eligible student's account under**
 24 **section 2 of this chapter and any interest that may accrue in**
 25 **the account will be used only for the eligible student's**
 26 **qualified expenses;**

27 **(2) money in the account when the account is terminated**
 28 **reverts to the state tuition reserve account established by**
 29 **IC 4-12-1-15.7; and**

30 **(3) the parent of the eligible student or the emancipated**
 31 **eligible student will use part of the money in the account:**

32 **(A) for the eligible student's study in the subject of reading,**
 33 **grammar, mathematics, social studies, or science; or**

34 **(B) for use in accordance with the eligible student's:**

35 **(i) individualized education program;**

36 **(ii) service plan developed under 511 IAC 7-34;**

37 **(iii) choice special education plan developed under 511**
 38 **IAC 7-49; or**

39 **(iv) plan developed under Section 504 of the federal**
 40 **Rehabilitation Act of 1973, 29 U.S.C. 794.**

41 **(b) A parent of an eligible student may enter into a separate**
 42 **agreement under subsection (a) for each child of the parent.**



1 **However, not more than one (1) account may be established for**
 2 **each eligible student.**

3 **(c) The account must be established under subsection (a) by a**
 4 **parent of an eligible student or an emancipated eligible student for**
 5 **a school year on or before a date established by the treasurer of**
 6 **state, which must be at least thirty (30) days before the fall ADM**
 7 **count date established by the state board under IC 20-43-4-3. A**
 8 **parent of an eligible student or an emancipated eligible student**
 9 **may not enter into an agreement under this section or maintain an**
 10 **account under this chapter if the eligible student receives a choice**
 11 **scholarship under IC 20-51-4 for the same school year.**

12 **(d) Except as provided in subsections (e) and (f), an agreement**
 13 **made under this section is valid for one (1) school year while the**
 14 **eligible student is in kindergarten through grade 12 and may be**
 15 **renewed annually, and money in the account at the end of the**
 16 **school year remains in the account. Upon graduation or receipt of**
 17 **a certificate of completion under the eligible student's**
 18 **individualized education program, the parent of an eligible student**
 19 **or an emancipated eligible student shall annually renew the**
 20 **account and may elect to keep the account open until the money in**
 21 **the account is depleted or the account is terminated. However,**
 22 **money in the account may not be used for anything other than**
 23 **qualified expenses.**

24 **(e) An agreement entered into under this section terminates**
 25 **automatically for an eligible student if:**

- 26 **(1) the eligible student no longer resides in Indiana while the**
 27 **eligible student is eligible to receive grants under section 2 of**
 28 **this chapter; or**
 29 **(2) the account is not renewed within one (1) year after the**
 30 **date the account was either established or last renewed.**

31 **If an account is terminated under this section, money in the eligible**
 32 **student's account, including any interest accrued, reverts to the**
 33 **state tuition reserve account.**

34 **(f) An agreement made under this section for an eligible student**
 35 **while the eligible student is in kindergarten through grade 12 may**
 36 **be terminated before the end of the school year if the parent of the**
 37 **eligible student or the emancipated eligible student notifies the**
 38 **treasurer of state in a manner specified by the treasurer of state.**

39 **(g) A distribution made to an account under section 3 of this**
 40 **chapter is considered tax exempt as long as the distribution is used**
 41 **for a qualified expense. The amount is subtracted from the**
 42 **definition of adjusted income under IC 6-3-1-3.5 to the extent the**



1 distribution used for the qualified expense is included in the
 2 taxpayer's adjusted federal gross income under the Internal
 3 Revenue Code.

4 (h) The department shall establish a student test number as
 5 described in IC 20-19-3-9.4 for each eligible student. The treasurer
 6 of state shall provide the department information necessary for the
 7 department to comply with this subsection.

8 Sec. 2. (a) An eligible student who currently maintains an
 9 account is entitled to an annual grant amount for each school year
 10 until the student graduates or obtains a certificate of completion
 11 under the student's individualized education program. An eligible
 12 student may not receive a grant under this section after graduating
 13 or obtaining a certificate of completion. The annual grant amount
 14 shall be paid from the amount appropriated as state tuition
 15 support under IC 20-43-2-1. The treasurer of state, with notice to
 16 the department, shall deposit the annual grant amount under this
 17 section, in quarterly deposits, into an eligible student's account in
 18 a manner established by the treasurer of state. The treasurer of
 19 state may deduct an amount of not more than one percent (1%)
 20 from each quarterly distribution to accounts under this article to
 21 cover the costs of managing the accounts and administering the
 22 program.

23 (b) At the end of the year in which an account is established, the
 24 parent of an eligible student or the emancipated eligible student
 25 may roll over for use in a subsequent year a maximum of two
 26 thousand dollars (\$2,000). However, for each year thereafter, the
 27 parent of the eligible student or the emancipated student may roll
 28 over two thousand dollars (\$2,000) plus any amount rolled over in
 29 a previous year.

30 Sec. 3. (a) Subject to sections 4 and 11 of this chapter, the
 31 annual grant amount under section 2 of this chapter for an eligible
 32 student who attends a qualified school equals, subject to subsection
 33 (b):

- 34 (1) an amount equal to the amount of basic tuition support
- 35 determined under IC 20-43-6; divided by
- 36 (2) the school corporation's current ADM.

37 (b) If an eligible student described in subsection (a) chooses not
 38 to receive special education or related services from a school
 39 corporation required to provide the services to the eligible student
 40 under 511 IAC 7-34-1, the annual grant amount for the eligible
 41 student shall, in addition to the amount described in subsection (a),
 42 include the amount the school corporation would receive under



1 IC 20-43-7 for the eligible student if the eligible student attended
2 the school corporation.

3 (c) The annual grant amounts provided in subsection (a) shall
4 be rounded as provided in IC 20-43-3-1(4).

5 Sec. 4. If an eligible student's agreement under section 1 of this
6 chapter is in effect for less than an entire school year, the annual
7 grant amount provided under section 2 of this chapter for that
8 school year shall be reduced on a prorated basis in a manner
9 prescribed by the treasurer of state to reflect the length of the
10 agreement.

11 Sec. 5. Upon entering into or renewing an agreement under this
12 chapter, the treasurer of state shall provide to the parent of an
13 eligible student or an emancipated eligible student a written
14 explanation of the authorized uses of the money in the account and
15 the responsibilities of the parent of an eligible student or an
16 emancipated eligible student and the treasurer of state regarding
17 an account established under section 1 of this chapter.

18 Sec. 6. This chapter does not prohibit a parent of an eligible
19 student or an emancipated eligible student from making a payment
20 for any qualified expense from a source other than the eligible
21 student's account. The parent of an eligible student or an
22 emancipated eligible student is responsible for the payment of any
23 tuition required by a qualified school that is not paid from the
24 eligible student's account.

25 Sec. 7. A parent of an eligible student or an emancipated eligible
26 student may use not more than seven hundred fifty dollars (\$750)
27 of the annual grant amount received under this chapter each school
28 year for fees for transportation paid to a fee-for-service
29 transportation provider for the eligible student to travel to and
30 from an approved service provider.

31 Sec. 8. (a) A participating entity that receives a payment for a
32 qualified expense may not:

33 (1) refund any part of the payment to the parent of the eligible
34 student or the emancipated eligible student unless the refund
35 is for an item that has been returned to the place of original
36 purchase or is for an item or service that has not been
37 provided by the participating entity; or

38 (2) rebate or otherwise share any part of the payment with the
39 parent of the eligible student or the emancipated eligible
40 student who made the payment.

41 (b) A parent of an eligible student or an emancipated eligible
42 student who receives a refund under subsection (a) shall deposit the



1 refund into the account from which the money was paid.

2 **Sec. 9. (a)** The treasurer of state shall freeze the account
3 established under section 1 of this chapter of any parent of an
4 eligible student or an emancipated eligible student who:

5 (1) fails to comply with the terms of the agreement established
6 under section 1 of this chapter;

7 (2) fails to comply with applicable laws or regulations; or

8 (3) substantially misuses funds in the account.

9 (b) The treasurer of state shall send written notice to the parent
10 of the eligible student or the emancipated eligible student stating
11 the reason for the freeze under subsection (a). The treasurer of
12 state may also send notice to the attorney general or the
13 prosecuting attorney in the county in which the parent of the
14 eligible student or the emancipated eligible student resides if the
15 treasurer of state believes a crime has been committed or a civil
16 action relating to the account is necessary.

17 (c) A parent of an eligible student or an emancipated eligible
18 student whose account has been frozen under subsection (a) may
19 petition the treasurer of state for redetermination of the decision
20 under subsection (a) within thirty (30) days after the date the
21 treasurer of state sends notice to the parent of the eligible student
22 or the emancipated eligible student under subsection (b). The
23 petition must contain a written explanation stating why the
24 treasurer of state was incorrect in freezing the account under
25 subsection (a). If the treasurer of state does not receive a timely
26 submitted petition from a parent of an eligible student or an
27 emancipated eligible student under this subsection, the treasurer
28 of state shall terminate the account.

29 (d) The treasurer of state shall review a petition received under
30 subsection (c) within thirty (30) business days of receipt of the
31 petition and issue a redetermination letter to the parent of the
32 eligible student or the emancipated eligible student. If the treasurer
33 of state overturns the treasurer of state's initial decision under
34 subsection (a), the treasurer of state shall immediately unfreeze the
35 account. If the treasurer of state affirms the decision under
36 subsection (a), the treasurer of state shall give notice of the
37 affirmation to the parent of the eligible student or the emancipated
38 eligible student and terminate the account.

39 **Sec. 10.** Notwithstanding 511 IAC 7-34-1(d)(4), a public school
40 is not required to make available special education and related
41 services to an eligible student if the eligible student receives funds
42 under section 2 of this chapter and the special education services



1 are provided to the eligible student by the participating entity. This
 2 section may not be construed as a restriction or limitation on any
 3 of the rights, benefits, and protections granted to an individual
 4 under the federal Individuals with Disabilities Education
 5 Improvement Act of 2004 (20 U.S.C. 1400 et seq.).

6 **Sec. 11. Distributions made to an account under section 2 of this**
 7 **chapter may not be treated as income or a resource for purposes**
 8 **of qualifying for any other federal or state grant or program**
 9 **administered by the state or a political subdivision.**

10 **Chapter 5. Participating Entities**

11 **Sec. 1. It is the intent of the general assembly to honor the**
 12 **autonomy of nonpublic schools that choose and are authorized to**
 13 **become participating entities under this article. A nonpublic**
 14 **eligible school is not an agent of the state or federal government,**
 15 **and therefore:**

16 (1) the treasurer of state, state board, department, or any
 17 other state agency may not in any way regulate the
 18 educational program of a nonpublic school that accepts
 19 money from an account under this article, including the
 20 regulation of curriculum content, religious instruction or
 21 activities, classroom teaching, teacher and staff hiring
 22 requirements, and other activities carried out by the
 23 nonpublic school;

24 (2) the creation of the program does not expand the
 25 regulatory authority of the state or the state's officers to
 26 impose additional regulation of nonpublic schools beyond
 27 those necessary to enforce the requirements of the program;
 28 and

29 (3) an accredited nonpublic school that is a participating
 30 entity may provide for the educational needs of students
 31 without governmental control.

32 **Sec. 2. (a) The following individuals or entities may become a**
 33 **participating entity by submitting an application to the treasurer**
 34 **of state in a manner prescribed by the treasurer of state:**

35 (1) A qualified school.

36 (2) An approved postsecondary educational institution.

37 (3) An individual who or tutoring agency that provides
 38 private tutoring.

39 (4) An individual who or entity that provides services to a
 40 student with a disability in accordance with an individualized
 41 education program developed under IC 20-35 or a service
 42 plan developed under 511 IAC 7-34.



1 **(5) An individual who or entity that offers a course, program,**
 2 **or distance learning program to an eligible student.**

3 **(6) A licensed occupational therapist.**

4 **(b) The treasurer of state shall approve an application**
 5 **submitted under subsection (a) if the individual or entity meets the**
 6 **criteria to serve as a participating entity.**

7 **(c) If it is reasonably expected by the treasurer of state that a**
 8 **participating entity will receive, from payments made under the**
 9 **program, more than fifty thousand dollars (\$50,000) during a**
 10 **particular school year, the participating entity shall, on or before**
 11 **a date prescribed by the treasurer of state:**

12 **(1) post a surety bond in an amount equal to the amount**
 13 **expected to be paid to the participating entity under the**
 14 **program for the particular school year; or**

15 **(2) provide the treasurer of state evidence, in a manner**
 16 **prescribed by the treasurer of state, indicating that the**
 17 **participating entity has unencumbered assets sufficient to pay**
 18 **the treasurer of state an amount equal to the amount expected**
 19 **to be paid to the participating entity under the program**
 20 **during the particular school year.**

21 **(d) Each participating entity that accepts payments made from**
 22 **an account under this article shall provide a receipt to the parent**
 23 **of an eligible student or to the emancipated eligible student for**
 24 **each payment made.**

25 **Sec. 3. (a) Each qualified school that is a participating entity**
 26 **that accepts payments for tuition and fees made from an account**
 27 **under the program shall administer to its eligible students the tests**
 28 **required under the Indiana's Learning Evaluation Assessment**
 29 **Readiness Network (ILEARN) program under IC 20-32-5.1 in a**
 30 **manner prescribed by the state board unless otherwise provided by**
 31 **an eligible student's:**

32 **(1) individualized education program;**

33 **(2) service plan developed under 511 IAC 7-34;**

34 **(3) choice special education plan developed under 511**
 35 **IAC 7-49; or**

36 **(4) plan developed under Section 504 of the federal**
 37 **Rehabilitation Act of 1973, 29 U.S.C. 794.**

38 **(b) Upon receipt of the ILEARN program test results, the**
 39 **department shall, subject to the federal Family Educational Rights**
 40 **and Privacy Act (20 U.S.C. 1232g) and any regulations adopted**
 41 **under that act:**

42 **(1) aggregate the ILEARN program test results according to**



1 the grade level, gender, race, and family income level of all
2 eligible students; and

3 (2) make the results determined under subdivision (1)
4 available on the department's Internet web site.

5 **Sec. 4. (a) The treasurer of state may refuse to allow a**
6 **participating entity to continue participation in the program and**
7 **revoke the participating entity's status as a participating entity if**
8 **the treasurer of state determines that the participating entity**
9 **accepts payments made from an account under this article and:**

10 (1) has failed to provide any educational service required by
11 state or federal law to an eligible student receiving instruction
12 from the participating entity; or

13 (2) has routinely failed to meet the requirements of a
14 participating entity under the program.

15 (b) If the treasurer of state revokes a participating entity's
16 status as a participating entity in the program, the treasurer of
17 state shall provide notice of the revocation within thirty (30) days
18 of the revocation to each parent of an eligible student and to each
19 emancipated eligible student receiving instruction from the
20 participating entity who has paid the participating entity from the
21 eligible student's account.

22 (c) The treasurer of state may permit a former participating
23 entity described in subsection (a) to reapply with the treasurer of
24 state for authorization to be a participating entity on a date
25 established by the treasurer of state, which may not be earlier than
26 one (1) year after the date on which the former participating
27 entity's status as a participating entity was revoked under
28 subsection (a). The treasurer of state may establish reasonable
29 criteria or requirements that the former participating entity must
30 meet before being reapproved by the treasurer of state as a
31 participating entity.

32 **Sec. 5. An approved participating entity:**

33 (1) may not charge an eligible student participating in the
34 program an amount greater than a similarly situated student
35 who is receiving the same or similar services; and

36 (2) shall provide a receipt to a parent of an eligible student or
37 an emancipated eligible student for each qualified expense
38 charged for education or related services provided to the
39 eligible student.

40 **Sec. 6. The treasurer of state shall annually make available on**
41 **the treasurer of state's Internet web site a list of participating**
42 **entities.**



- 1 **Chapter 6. Rulemaking**
- 2 **Sec. 1. The treasurer of state shall adopt rules under IC 4-22-2**
- 3 **necessary to administer this article.**

