



February 4, 2021

HOUSE BILL No. 1005

DIGEST OF HB 1005 (Updated February 3, 2021 7:15 pm - DI 116)

Citations Affected: IC 6-3; IC 12-17.2; IC 20-43; IC 20-51; IC 20-51.4; noncode.

Synopsis: School choice matters. Establishes the Indiana education scholarship account program (program). Provides that, after June 30, 2022, 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 is on active duty service in the armed forces of the United States or national guard; 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
(Continued next page)

Effective: July 1, 2021.

Behning, Clere, Prescott

January 14, 2021, read first time and referred to Committee on Education.
February 4, 2021, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

HB 1005—LS 7434/DI 116



Digest Continued

scholarship student is entitled to receive to attend a choice scholarship school. Establishes the Indiana education scholarship account program advisory council to provide guidance on the implementation of the program as well as to provide recommendation for program improvements to the treasurer of state and to the general assembly. Repeals provisions that provide eligibility to certain students if the student's household income increases. Provides that the department of education shall provide services that offer objective advise upon request to parents of an eligible student or an emancipated eligible student relating to services that can help meet the eligible student's or emancipated eligible student's particular needs. Makes conforming amendments. Makes an appropriation.

HB 1005—LS 7434/DI 116



February 4, 2021

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 and to make an appropriation.

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).

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- 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 scholarship**



1 **account under IC 20-51.4-4-2 that is used for a qualified**
2 **expense (as defined in IC 20-51.4-2-11), to the extent the**
3 **distribution used for the qualified expense is included in the**
4 **taxpayer's adjusted federal gross income under the Internal**
5 **Revenue Code.**

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

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

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

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

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

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

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

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

42 (A) twenty-five thousand dollars (\$25,000) to the extent



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

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

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

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

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

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

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

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

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

39 (10) Subtract income that is:

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

42 (B) included in the corporation's taxable income under the



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



- 1 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 2 Internal Revenue Code.
- 3 (15) 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 (16) Subtract the amount that would have been excluded from
 14 gross income but for the enactment of Section 118(b)(2) of the
 15 Internal Revenue Code for taxable years ending after December
 16 22, 2017.
- 17 (17) Add or subtract any other amounts the taxpayer is:
 18 (A) required to add or subtract; or
 19 (B) entitled to deduct;
 20 under IC 6-3-2.
- 21 (c) The following apply to taxable years beginning after December
 22 31, 2018, for purposes of the add back of any deduction allowed on the
 23 taxpayer's federal income tax return for wagering taxes, as provided in
 24 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
 25 the taxpayer is a corporation:
- 26 (1) For taxable years beginning after December 31, 2018, and
 27 before January 1, 2020, a taxpayer is required to add back under
 28 this section eighty-seven and five-tenths percent (87.5%) of any
 29 deduction allowed on the taxpayer's federal income tax return for
 30 wagering taxes.
- 31 (2) For taxable years beginning after December 31, 2019, and
 32 before January 1, 2021, a taxpayer is required to add back under
 33 this section seventy-five percent (75%) of any deduction allowed
 34 on the taxpayer's federal income tax return for wagering taxes.
- 35 (3) For taxable years beginning after December 31, 2020, and
 36 before January 1, 2022, a taxpayer is required to add back under
 37 this section sixty-two and five-tenths percent (62.5%) of any
 38 deduction allowed on the taxpayer's federal income tax return for
 39 wagering taxes.
- 40 (4) For taxable years beginning after December 31, 2021, and
 41 before January 1, 2023, a taxpayer is required to add back under
 42 this section fifty percent (50%) of any deduction allowed on the



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



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



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

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

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

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

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

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



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



1 service to take deductions under Section 179 of the Internal
2 Revenue Code in a total amount exceeding the sum of:

3 (A) twenty-five thousand dollars (\$25,000) to the extent
4 deductions under Section 179 of the Internal Revenue Code
5 were not elected as provided in clause (B); and

6 (B) for taxable years beginning after December 31, 2017, the
7 deductions elected under Section 179 of the Internal Revenue
8 Code on property acquired in an exchange if:

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

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

14 (iii) the taxpayer made an election to take deductions under
15 Section 179 of the Internal Revenue Code with regard to the
16 acquired property in the year that the property was placed
17 into service.

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

22 (8) Subtract income that is:

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

25 (B) included in the insurance company's taxable income under
26 the Internal Revenue Code.

27 (9) Add an amount equal to any income not included in gross
28 income as a result of the deferral of income arising from business
29 indebtedness discharged in connection with the reacquisition after
30 December 31, 2008, and before January 1, 2011, of an applicable
31 debt instrument, as provided in Section 108(i) of the Internal
32 Revenue Code. Subtract from the adjusted gross income of any
33 taxpayer that added an amount to adjusted gross income in a
34 previous year the amount necessary to offset the amount included
35 in federal gross income as a result of the deferral of income
36 arising from business indebtedness discharged in connection with
37 the reacquisition after December 31, 2008, and before January 1,
38 2011, of an applicable debt instrument, as provided in Section
39 108(i) of the Internal Revenue Code.

40 (10) Add an amount equal to any exempt insurance income under
41 Section 953(e) of the Internal Revenue Code that is active
42 financing income under Subpart F of Subtitle A, Chapter 1,



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



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



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



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



1 return or is to be reported in a manner different than specified in
 2 this section, this section shall be construed as if federal adjusted
 3 gross income or federal taxable income included the income or
 4 deduction.

5 SECTION 2. IC 12-17.2-7.2-11, AS AMENDED BY P.L.184-2017,
 6 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JULY 1, 2021]: Sec. 11. Except as provided under
 8 ~~IC 20-51-1-4.3(3)(E)~~, **IC 20-51-1-4.3(4)(E)**, the receipt of a grant
 9 under the pilot program does not qualify, nor have an effect on the
 10 qualification or eligibility, of a child for a choice scholarship under
 11 IC 20-51-4.

12 SECTION 3. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,
 13 SECTION 268, IS AMENDED TO READ AS FOLLOWS
 14 [EFFECTIVE JULY 1, 2021]: Sec. 1. **Except as provided in**
 15 **IC 20-51.4-4-2**, the department shall distribute the amount
 16 appropriated by the general assembly for distribution as state tuition
 17 support in accordance with this article. If the appropriations for
 18 distribution as state tuition support are more than required under this
 19 article, any excess shall revert to the state general fund. The
 20 appropriations for state tuition support shall be made each state fiscal
 21 year under a schedule set by the budget agency and approved by the
 22 governor. However, the schedule must provide:

- 23 (1) for at least twelve (12) payments;
 24 (2) that one (1) payment shall be made at least every forty (40)
 25 days; and
 26 (3) the total of the payments in each state fiscal year must equal
 27 the amount required under this article.

28 SECTION 4. IC 20-43-2-3, AS AMENDED BY P.L.10-2019,
 29 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2021]: Sec. 3. In determining the total amount to be
 31 distributed for purposes of section 2 of this chapter, distributions:

- 32 (1) as basic tuition support;
 33 (2) for honors designation awards;
 34 (3) for special education grants;
 35 (4) for career and technical education grants;
 36 (5) for choice scholarships; ~~and~~
 37 (6) for Mitch Daniels early graduation scholarships; **and**
 38 **(7) for Indiana education scholarship account grants;**

39 are to be considered for a particular state fiscal year.

40 SECTION 5. IC 20-51-1-4.3, AS AMENDED BY P.L.184-2017,
 41 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JULY 1, 2021]: Sec. 4.3. "Eligible choice scholarship student" refers



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to an individual who:

- (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



1 designation under IC 20-31-8-4.

2 (C) Except as provided in ~~IC 20-51-4-2.5~~, the individual is a
 3 member of a household with an annual income of not more
 4 than one hundred fifty percent (150%) of the amount required
 5 for the individual to qualify for the federal free or reduced
 6 price lunch program and The individual was enrolled in
 7 kindergarten through grade 12, in a public school, including a
 8 charter school, in Indiana for at least two (2) semesters
 9 immediately preceding the first semester for which the
 10 individual receives a choice scholarship under IC 20-51-4.

11 (D) The individual or a sibling of the individual ~~who, except~~
 12 ~~as provided in IC 20-51-4-2.5~~, is a member of a household
 13 with an annual income of not more than one hundred fifty
 14 percent (150%) of the amount required for the individual to
 15 qualify for the federal free or reduced price lunch program and
 16 satisfies either of the following:

17 (i) The individual or a sibling of the individual received
 18 before July 1, 2013, a scholarship from a scholarship
 19 granting organization under IC 20-51-3 or a choice
 20 scholarship under IC 20-51-4 in a preceding school year,
 21 including a school year that does not immediately precede
 22 a school year in which the individual receives a scholarship
 23 from a scholarship granting organization under IC 20-51-3
 24 or a choice scholarship under IC 20-51-4.

25 (ii) The individual or a sibling of the individual receives for
 26 the first time after June 30, 2013, a scholarship of at least
 27 five hundred dollars (\$500) from a scholarship granting
 28 organization under IC 20-51-3 or a choice scholarship under
 29 IC 20-51-4 in a preceding school year, including a school
 30 year that does not immediately precede a school year in
 31 which the individual receives a scholarship from a
 32 scholarship granting organization under IC 20-51-3 or a
 33 choice scholarship under IC 20-51-4.

34 (E) Subject to IC 20-51-4-2.7, the individual:

35 (i) received an early education grant under IC 12-17.2-7.2;

36 (ii) used the grant described in item (i) to attend a
 37 prekindergarten program at an eligible school; **and**

38 ~~(iii) continues to meet the income eligibility requirements~~
 39 ~~the individual was required to meet to receive an early~~
 40 ~~education grant under IC 12-17.2-7.2; and~~

41 ~~(iv) (iii) continues to attend the eligible school at which the~~
 42 individual attended a prekindergarten program as described



1 in item (ii).

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

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

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

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

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

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

20 The department shall establish the standards used to allocate choice
21 scholarships among eligible choice scholarship students:

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

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

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



1 eligible school at which the individual used an early education grant
 2 under IC 12-17.2-7.2 to attend a prekindergarten program unless the
 3 eligible choice scholarship student otherwise qualifies for a choice
 4 scholarship under ~~IC 20-51-1-4.3(3)(A)~~ **IC 20-51-1-4.3(4)(A)** through
 5 ~~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)**
 6 and this chapter.

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

12 (1) The least of the following:

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

20 (B) An amount equal to

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

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

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



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

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

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

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

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

38 STEP TWO: Determine the amount of state tuition support that
 39 the school corporation identified under STEP ONE is eligible to
 40 receive under IC 20-43 for the state fiscal year in which the
 41 current school year begins, ~~excluding~~ **including the basic tuition**
 42 **support amount made under IC 20-43-6 and grants made**



1 **under IC 20-43-10-2. However, the amount does not include**
 2 amounts provided for special education grants under IC 20-43-7
 3 and career and technical education grants under IC 20-43-8.

4 STEP THREE: Determine the result of:

5 (A) the STEP TWO amount; divided by

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

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

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

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

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

34 SECTION 13. IC 20-51.4 IS ADDED TO THE INDIANA CODE
 35 AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY
 36 1, 2021]:

37 **ARTICLE 51.4. INDIANA EDUCATION SCHOLARSHIP**
 38 **ACCOUNT PROGRAM**

39 **Chapter 1. Applicability**

40 **Sec. 1. This article applies to a school year beginning after June**
 41 **30, 2021, and each school year thereafter.**

42 **Chapter 2. Definitions**



- 1 **Sec. 1. The definitions in this chapter apply throughout this**
 2 **article.**
- 3 **Sec. 2. "Account" refers to an Indiana education scholarship**
 4 **account established by an eligible student's parent or an**
 5 **emancipated (as described in IC 20-26-11-4) eligible student under**
 6 **IC 20-51.4-4-1.**
- 7 **Sec. 3. "Annual grant amount" refers to the annual grant**
 8 **amount deposited into the eligible student's account under**
 9 **IC 20-51.4-4-2.**
- 10 **Sec. 4. "Approved postsecondary educational institution" has**
 11 **the meaning set forth in IC 21-7-13-6(a).**
- 12 **Sec. 5. "Council" refers to the Indiana education scholarship**
 13 **account program advisory council established under**
 14 **IC 20-51.4-3-7.**
- 15 **Sec. 6. "Eligible student" refers to an individual who:**
- 16 **(1) has legal settlement in Indiana;**
 17 **(2) is at least five (5) years of age and less than twenty-two**
 18 **(22) years of age on the date in the school year specified in**
 19 **IC 20-33-2-7;**
 20 **(3) is:**
 21 **(A) a student with a disability at the time the account is**
 22 **established who requires special education and for whom:**
 23 **(i) an individualized education program;**
 24 **(ii) a service plan developed under 511 IAC 7-34; or**
 25 **(iii) a choice special education plan developed under 511**
 26 **IAC 7-49;**
 27 **has been developed;**
 28 **(B) a student with a parent who, at the time the account is**
 29 **established, is on active duty service in the armed forces of**
 30 **the United States or national guard; or**
 31 **(C) placed in foster care or otherwise under care and**
 32 **supervision of the department of child services at the time**
 33 **the account is established and has received authorization**
 34 **from the department of child services to establish the**
 35 **account; 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. 7. "Parent" has the meaning set forth in IC 20-18-2-13 and**
 42 **includes for a student described in section 6(3)(C) of this chapter,**



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



1 eligible student is enrolled at an approved postsecondary
2 educational institution.

3 (9) Services contracted for and provided by a school
4 corporation, charter school, or magnet school, including:

5 (A) individual classes; or

6 (B) extracurricular activities or programs.

7 (10) Occupational therapy for a student with a disability,
8 provided in accordance with the eligible student's
9 individualized education program developed under IC 20-35
10 or service plan developed under 511 IAC 7-34.

11 (11) Additional services and therapies prescribed by the
12 eligible student's treating physician in accordance with
13 generally accepted standards of care to improve outcomes for
14 the student in addition to any services currently being
15 provided by the school, insurance, or the Medicaid program.

16 (12) Tuition, fees, instructional material, and examination fees
17 at a career or technical school.

18 (13) Computer hardware or other technological devices one
19 (1) time every three (3) years if used for an eligible student's
20 educational needs and approved by the treasurer of state.

21 (14) Subject to IC 20-51.4-4-7, fees for transportation paid to
22 a fee-for-service transportation provider for the eligible
23 student to travel to and from an approved service provider.

24 (15) Costs of up to two hundred dollars (\$200) associated with
25 obtaining a school uniform.

26 (16) Tuition and fees to attend training programs and camps
27 that have a focus on:

28 (A) vocational skills;

29 (B) academic skills;

30 (C) life skills;

31 (D) independence; or

32 (E) soft job skills that are character traits and
33 interpersonal skills that characterize a person's
34 relationships with other people.

35 (17) Fees for the management of the account, as described in
36 IC 20-51.4-3-2(c).

37 (18) An expense approved by the council under
38 IC 20-51.4-3-6.

39 Sec. 12. "Qualified school" refers to a nonpublic school
40 accredited by either the state board or a national or regional
41 accreditation agency that is recognized by the state board:

42 (1) to which an eligible student is required to pay tuition to



1 attend;

2 (2) that agrees to enroll an eligible student; and

3 (3) that administers the statewide assessment or an assessment
4 that is correlated to the statewide assessment under
5 IC 20-51.4-3-9.

6 **Chapter 3. Administration of Indiana Education Scholarship**
7 **Accounts**

8 **Sec. 1. The Indiana education scholarship account program is**
9 **established to provide grants to a parent of an eligible student or**
10 **an emancipated student under IC 20-51.4-4 after June 30, 2022.**

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

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

16 **Each entity shall:**

17 **(1) meet qualification requirements established by the**
18 **treasurer of state; and**

19 **(2) comply with generally accepted accounting principles.**

20 **(c) The treasurer of state shall establish reasonable fees for**
21 **entities described in subsection (b) participating in the program**
22 **based upon market rates.**

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

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

30 **Sec. 4. (a) After June 30, 2022, the treasurer of state shall**
31 **administer an annual survey of parents of eligible students and**
32 **emancipated eligible students who maintain an account under**
33 **IC 20-51.4-4-1. The survey must request information:**

34 **(1) regarding when the account was established and the**
35 **number of grants received;**

36 **(2) relating to relative satisfaction with the program; and**

37 **(3) regarding opinions on any topics, items, or issues that the**
38 **treasurer of state determines may improve the effectiveness**
39 **of the program or the education experience of the eligible**
40 **student or the eligible student's family.**

41 **(b) Not later than November 1, 2022, and each November 1**
42 **thereafter, the treasurer of state shall annually provide a summary**



1 of the survey administered under subsection (a) to the governor
 2 and, in an electronic format under IC 5-14-6, the legislative
 3 council.

4 **Sec. 5. The treasurer of state shall provide online services and**
 5 **capabilities including, but not limited to, the following:**

6 (1) A method for parents to submit an application agreement
 7 described in IC 20-51.4-4-1(a).

8 (2) A method for an eligible school and a participating entity
 9 to submit the intent of the eligible school or participating
 10 entity to participate in the program.

11 (3) A method for parents to identify and select eligible schools
 12 and participating entities participating in the program.

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

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

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

20 (7) Resources the family of an eligible student described in
 21 IC 20-51.4-2-6(3)(A) or IC 20-51.4-2-6(3)(C) can access to
 22 learn about advocacy groups available to provide information
 23 and resources to the eligible student's family.

24 **Sec. 6. Not later than July 1, 2023, the treasurer of state, in**
 25 **consultation with the state board and the department, shall**
 26 **establish a procedure to allow a parent of an eligible student or an**
 27 **emancipated eligible student to petition the council for the**
 28 **approval of an expense not listed under IC 20-51.4-2-11(1) through**
 29 **IC 20-51.4-2-11(17).**

30 **Sec. 7. (a) The Indiana education scholarship account program**
 31 **advisory council is established to:**

32 (1) provide guidance on the implementation of the program as
 33 well as to provide recommendations for program
 34 improvements to the treasurer of state and, in an electronic
 35 format under IC 5-14-6, to the general assembly; and

36 (2) review a summary of the surveys administered by the
 37 treasurer of state under section 4 of this chapter and make
 38 recommendations to the department or, in an electronic
 39 format under IC 5-14-6, to the general assembly, to improve
 40 the educational experience offered by the program.

41 (b) The council consists of the following members:

42 (1) A representative of the treasurer of state's office,



- 1 appointed by the treasurer of state.
- 2 (2) A representative of the department, appointed by the
- 3 secretary of education.
- 4 (3) A representative of the Indiana Council of Administrators
- 5 of Special Education (ICASE), appointed by the secretary of
- 6 education.
- 7 (4) One (1) member who is a representative of a statewide
- 8 advocacy organization for individuals with intellectual and
- 9 developmental disabilities, appointed by the treasurer of state.
- 10 (5) One (1) member who is a representative of an organization
- 11 advocating for foster children, appointed by the treasurer of
- 12 state.
- 13 (6) One (1) member who is a representative of an organization
- 14 advocating for military families, appointed by the treasurer
- 15 of state.
- 16 (7) One (1) member who must be the parent of an eligible
- 17 student described in IC 20-51.4-2-6(3)(A), appointed by the
- 18 president pro tempore of the senate.
- 19 (8) One (1) member who must be the parent of an eligible
- 20 student described in IC 20-51.4-2-6(3)(B), appointed by the
- 21 president pro tempore of the senate.
- 22 (9) One (1) member who must be the parent of an eligible
- 23 student described in IC 20-51.4-2-6(3)(C), appointed by the
- 24 president pro tempore of the senate.
- 25 (10) Two (2) members who are parents of an eligible student
- 26 described in IC 20-51.4-2-6(3)(A), IC 20-51.4-2-6(3)(B), or
- 27 IC 20-51.4-2-6(3)(C), appointed by the speaker of the house of
- 28 representatives.
- 29 (11) One (1) member who is a representative of nonpublic
- 30 schools appointed by the secretary of education.
- 31 (12) One (1) member who is an eligible student, appointed by
- 32 the speaker of the house of representatives.
- 33 (c) The member described in subsection (b)(1) shall act as
- 34 chairperson of the council. The council shall meet at the call of the
- 35 chairperson. The treasurer of state shall provide staffing support
- 36 for the council. A majority of the entire membership of the council
- 37 shall constitute a quorum. No action of the council shall be valid
- 38 unless approved by at least seven (7) members.
- 39 (d) The council shall make recommendations to the treasurer of
- 40 state regarding the establishment of a program handbook.
- 41 Sec. 8. (a) The department shall provide services that offer
- 42 objective advice upon request to parents of an eligible student or



1 an emancipated eligible student relating to services that can help
 2 meet the eligible student's or emancipated eligible student's
 3 particular needs.

4 (b) The department may contract with a third party provider to
 5 provide the services described in subsection (a).

6 **Sec. 9.** The department shall maintain a list of assessments that
 7 are correlated to the statewide assessment, and upon request from
 8 a school, perform an assessment correlation if the assessment
 9 correlation is feasible.

10 **Chapter 4. Indiana Education Scholarship Accounts**

11 **Sec. 1. (a)** After June 30, 2022, a parent of an eligible student or
 12 an emancipated eligible student may establish an Indiana
 13 education scholarship account for the eligible student by entering
 14 into a written agreement with the treasurer of state on a form
 15 prepared by the treasurer of state. The account of an eligible
 16 student shall be made in the name of the eligible student. The
 17 treasurer of state shall make the agreement available on the
 18 Internet web site of the treasurer of state. To be eligible, a parent
 19 of an eligible student or an emancipated eligible student wishing to
 20 participate in the program must agree that:

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

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

28 (3) the parent of the eligible student or the emancipated
 29 eligible student will use part of the money in the account:

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

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

33 (i) individualized education program;

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

35 (iii) choice special education plan developed under 511
 36 IAC 7-49; or

37 (iv) plan developed under Section 504 of the federal
 38 Rehabilitation Act of 1973, 29 U.S.C. 794; and

39 (4) the eligible student will not be enrolled in a school that
 40 receives tuition support under IC 20-43.

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. An eligible**
 12 **student may not receive a grant under section 3 of this chapter if**
 13 **the eligible student is currently included in a school corporation's**
 14 **ADM count under IC 20-43-4.**

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

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

29 **(1) the eligible student no longer resides in Indiana while the**
 30 **eligible student is eligible to receive grants under section 2 of**
 31 **this chapter; or**

32 **(2) the account is not renewed within three hundred**
 33 **ninety-five (395) days after the date the account was either**
 34 **established or last renewed.**

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

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



1 (g) A distribution made to an account under section 3 of this
2 chapter is considered tax exempt as long as the distribution is used
3 for a qualified expense. The amount is subtracted from the
4 definition of adjusted income under IC 6-3-1-3.5 to the extent the
5 distribution used for the qualified expense is included in the
6 taxpayer's adjusted federal gross income under the Internal
7 Revenue Code.

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

12 Sec. 2. (a) An eligible student who currently maintains an
13 account is entitled to an annual grant amount for each school year
14 until the student graduates or obtains a certificate of completion
15 under the student's individualized education program. An eligible
16 student may not receive a grant under this section after graduating
17 or obtaining a certificate of completion. The annual grant amount
18 shall be paid from the amount appropriated as state tuition
19 support under IC 20-43-2-1. The treasurer of state, with notice to
20 the department, shall deposit the annual grant amount under this
21 section, in quarterly deposits, into an eligible student's account in
22 a manner established by the treasurer of state. The treasurer of
23 state may deduct an amount of not more than one and five-tenths
24 percent (1.5%) from each quarterly distribution to accounts under
25 this article to cover the costs of managing the accounts and
26 administering the program. However, the amount deducted under
27 this subsection may not exceed a maximum annual fee amount of
28 two hundred fifty thousand dollars (\$250,000). The administrative
29 fees collected under this subsection must be reduced
30 proportionately in a manner necessary to comply with the
31 maximum annual fee amount requirements.

32 (b) At the end of the year in which an account is established, the
33 parent of an eligible student or the emancipated eligible student
34 may roll over for use in a subsequent year a maximum of two
35 thousand dollars (\$2,000). However, for each year thereafter, the
36 parent of the eligible student or the emancipated student may roll
37 over two thousand dollars (\$2,000) plus any amount rolled over in
38 a previous year.

39 Sec. 3. (a) Subject to sections 4 and 11 of this chapter, the
40 annual grant amount under section 2 of this chapter for an eligible
41 student who attends a qualified school equals, subject to subsection
42 (b), ninety percent (90%) of the amount determined in the last



- 1 **STEP of the following formula:**
- 2 **STEP ONE: Determine the school corporation in which the**
- 3 **eligible student has legal settlement.**
- 4 **STEP TWO: Determine the amount of state tuition support**
- 5 **that the school corporation identified under STEP ONE is**
- 6 **eligible to receive under IC 20-43-6 for the state fiscal year in**
- 7 **which the immediately preceding school year begins. The**
- 8 **amount does not include amounts provided for special**
- 9 **education grants under IC 20-43-7, career and technical**
- 10 **education grants under IC 20-43-8, or grants under**
- 11 **IC 20-43-10.**
- 12 **STEP THREE: Determine the result of:**
- 13 **(A) the STEP TWO amount; divided by**
- 14 **(B) the current ADM (as defined in IC 20-43-1-10) for the**
- 15 **school corporation identified under STEP ONE for the**
- 16 **state fiscal year used in STEP TWO.**
- 17 **(b) An eligible student may choose to receive special education**
- 18 **services from the school corporation required to provide the**
- 19 **special education services to the eligible student under 511**
- 20 **IAC 7-34-1. However, if an eligible student described in subsection**
- 21 **(a) chooses not to receive special education or related services from**
- 22 **a school corporation required to provide the services to the eligible**
- 23 **student under 511 IAC 7-34-1, the annual grant amount for the**
- 24 **eligible student shall, in addition to the amount described in**
- 25 **subsection (a), include the amount the school corporation would**
- 26 **receive under IC 20-43-7 for the eligible student if the eligible**
- 27 **student attended the school corporation.**
- 28 **(c) The annual grant amounts provided in subsection (a) shall**
- 29 **be rounded as provided in IC 20-43-3-1(4).**
- 30 **Sec. 4. If an eligible student's agreement under section 1 of this**
- 31 **chapter is in effect for less than an entire school year, the annual**
- 32 **grant amount provided under section 2 of this chapter for that**
- 33 **school year shall be reduced on a prorated basis in a manner**
- 34 **prescribed by the treasurer of state to reflect the length of the**
- 35 **agreement. In the event an eligible student's account is terminated**
- 36 **because the eligible student enrolls in a school that receives tuition**
- 37 **support under IC 20-43, the balance in the account at the time the**
- 38 **account is terminated shall be transferred to the school**
- 39 **corporation or charter school in which the eligible student enrolls.**
- 40 **Sec. 5. Upon entering into or renewing an agreement under this**
- 41 **chapter, the treasurer of state shall provide to the parent of an**
- 42 **eligible student or an emancipated eligible student a written**



1 explanation of the authorized uses of the money in the account and
 2 the responsibilities of the parent of an eligible student or an
 3 emancipated eligible student and the treasurer of state regarding
 4 an account established under section 1 of this chapter.

5 **Sec. 6.** This chapter does not prohibit a parent of an eligible
 6 student or an emancipated eligible student from making a payment
 7 for any qualified expense from a source other than the eligible
 8 student's account. The parent of an eligible student or an
 9 emancipated eligible student is responsible for the payment of any
 10 tuition required by a qualified school that is not paid from the
 11 eligible student's account.

12 **Sec. 7.** A parent of an eligible student or an emancipated eligible
 13 student may use not more than seven hundred fifty dollars (\$750)
 14 of the annual grant amount received under this chapter each school
 15 year for fees for transportation paid to a fee-for-service
 16 transportation provider for the eligible student to travel to and
 17 from an approved service provider. However, the treasurer of
 18 state, in consultation with the department, shall establish criteria
 19 and a process by which a parent of an eligible student described in
 20 IC 20-51.4-2-6(3)(A) may receive a waiver from the limit imposed
 21 on transportation fees under this section.

22 **Sec. 8. (a)** A participating entity that receives a payment for a
 23 qualified expense may not:

- 24 (1) refund any part of the payment to the parent of the eligible
 25 student or the emancipated eligible student unless the refund
 26 is for an item that has been returned to the place of original
 27 purchase or is for an item or service that has not been
 28 provided by the participating entity; or
 29 (2) rebate or otherwise share any part of the payment with the
 30 parent of the eligible student or the emancipated eligible
 31 student who made the payment.

32 (b) A parent of an eligible student or an emancipated eligible
 33 student who receives a refund under subsection (a) shall deposit the
 34 refund into the account from which the money was paid.

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

- 38 (1) fails to comply with the terms of the agreement established
 39 under section 1 of this chapter;
 40 (2) fails to comply with applicable laws or regulations; or
 41 (3) substantially misuses funds in the account.

42 (b) The treasurer of state shall send written notice to the parent



1 of the eligible student or the emancipated eligible student stating
 2 the reason for the freeze under subsection (a). The treasurer of
 3 state may also send notice to the attorney general or the
 4 prosecuting attorney in the county in which the parent of the
 5 eligible student or the emancipated eligible student resides if the
 6 treasurer of state believes a crime has been committed or a civil
 7 action relating to the account is necessary.

8 (c) A parent of an eligible student or an emancipated eligible
 9 student whose account has been frozen under subsection (a) may
 10 petition the treasurer of state for redetermination of the decision
 11 under subsection (a) within thirty (30) days after the date the
 12 treasurer of state sends notice to the parent of the eligible student
 13 or the emancipated eligible student under subsection (b). The
 14 petition must contain a written explanation stating why the
 15 treasurer of state was incorrect in freezing the account under
 16 subsection (a). If the treasurer of state does not receive a timely
 17 submitted petition from a parent of an eligible student or an
 18 emancipated eligible student under this subsection, the treasurer
 19 of state shall terminate the account.

20 (d) The treasurer of state shall review a petition received under
 21 subsection (c) within fifteen (15) business days of receipt of the
 22 petition and issue a redetermination letter to the parent of the
 23 eligible student or the emancipated eligible student. If the treasurer
 24 of state overturns the treasurer of state's initial decision under
 25 subsection (a), the treasurer of state shall immediately unfreeze the
 26 account. If the treasurer of state affirms the decision under
 27 subsection (a), the treasurer of state shall give notice of the
 28 affirmation to the parent of the eligible student or the emancipated
 29 eligible student and terminate the account.

30 **Sec. 10.** Notwithstanding 511 IAC 7-34-1(d)(4), a public school
 31 is not required to make available special education and related
 32 services to an eligible student if the eligible student receives funds
 33 under section 2 of this chapter and the special education services
 34 are provided to the eligible student by the participating entity. This
 35 section may not be construed as a restriction or limitation on any
 36 of the rights, benefits, and protections granted to an individual
 37 under the federal Individuals with Disabilities Education
 38 Improvement Act of 2004 (20 U.S.C. 1400 et seq.).

39 **Sec. 11.** Distributions made to an account under section 2 of this
 40 chapter or money in the account may not be treated as income or
 41 a resource for purposes of qualifying for any other federal or state
 42 grant or program administered by the state or a political



1 subdivision.

2 **Chapter 5. Participating Entities**

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

8 (1) the treasurer of state, state board, department, or any
 9 other state agency may not in any way regulate the
 10 educational program of a nonpublic school that accepts
 11 money from an account under this article, including the
 12 regulation of curriculum content, religious instruction or
 13 activities, classroom teaching, teacher and staff hiring
 14 requirements, and other activities carried out by the
 15 nonpublic school;

16 (2) the creation of the program does not expand the
 17 regulatory authority of the state or the state's officers to
 18 impose additional regulation of nonpublic schools beyond
 19 those necessary to enforce the requirements of the program;
 20 and

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

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

27 (1) A qualified school.

28 (2) An approved postsecondary educational institution.

29 (3) An individual who or tutoring agency that provides
 30 private tutoring.

31 (4) An individual who or entity that provides services to a
 32 student with a disability in accordance with an individualized
 33 education program developed under IC 20-35 or a service
 34 plan developed under 511 IAC 7-34 or generally accepted
 35 standards of care prescribed by the eligible student's treating
 36 physician.

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

39 (6) A licensed occupational therapist.

40 (b) The treasurer of state shall approve an application
 41 submitted under subsection (a) if the individual or entity meets the
 42 criteria to serve as a participating entity.



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

6 (1) post a surety bond in an amount equal to the amount
 7 expected to be paid to the participating entity under the
 8 program for the particular school year; or

9 (2) provide the treasurer of state evidence, in a manner
 10 prescribed by the treasurer of state, indicating that the
 11 participating entity has unencumbered assets sufficient to pay
 12 the treasurer of state an amount equal to the amount expected
 13 to be paid to the participating entity under the program
 14 during the particular school year.

15 (d) Each participating entity that accepts payments made from
 16 an account under this article shall provide a receipt to the parent
 17 of an eligible student or to the emancipated eligible student for
 18 each payment made.

19 Sec. 3. (a) Each qualified school that is a participating entity
 20 that accepts payments for tuition and fees made from an account
 21 under the program shall administer to its eligible students the
 22 statewide assessment or an assessment that is correlated to the
 23 statewide assessment unless otherwise prescribed by the eligible
 24 student's:

25 (1) individualized education program;

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

27 (3) choice special education plan developed under 511
 28 IAC 7-49; or

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

31 (b) Upon receipt of the statewide assessment or an assessment
 32 that is correlated to the statewide assessment test results, the
 33 department shall, subject to the federal Family Educational Rights
 34 and Privacy Act (20 U.S.C. 1232g) and any regulations adopted
 35 under that act:

36 (1) aggregate the statewide assessment or an assessment that
 37 is correlated to the statewide assessment test results according
 38 to the grade level, gender, race, and family income level of all
 39 eligible students; and

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

42 Sec. 4. (a) The treasurer of state may refuse to allow a



1 participating entity to continue participation in the program and
 2 revoke the participating entity's status as a participating entity if
 3 the treasurer of state determines that the participating entity
 4 accepts payments made from an account under this article and:

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

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

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

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

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

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

31 (2) shall provide a receipt to a parent of an eligible student or
 32 an emancipated eligible student for each qualified expense
 33 charged for education or related services provided to the
 34 eligible student.

35 **Sec. 6. The treasurer of state shall annually make available on**
 36 **the treasurer of state's Internet web site a list of participating**
 37 **entities.**

38 **Chapter 6. Rulemaking**

39 **Sec. 1. (a) The treasurer of state shall adopt rules under**
 40 **IC 4-22-2 necessary to administer this article.**

41 **(b) The state board shall adopt rules under IC 4-22-2 to**
 42 **establish a procedure to establish an Indiana education scholarship**



1 account education service plan for an eligible student defined in
2 IC 20-51.4-2-6(3)(A).

3 SECTION 14. [EFFECTIVE JULY 1, 2021] (a) There is
4 appropriated to the treasurer of state five million dollars
5 (\$5,000,000) from the state general fund for use in implementing
6 the Indiana education savings account program under IC 20-51.4,
7 as added by this act, beginning July 1, 2021, and ending June 30,
8 2022.

9 (b) This SECTION expires July 1, 2022.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1005, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Page 5, line 42, delete "savings" and insert "**scholarship**".

Page 6, line 2, delete "IC 20-51.4-2-9)," and insert "**IC 20-51.4-2-11)**".

Page 19, line 37, delete "savings" and insert "**scholarship**".

Page 22, line 24, delete "savings" and insert "**scholarship**".

Page 25, line 36, delete "SAVINGS" and insert "**SCHOLARSHIP**".

Page 26, line 2, delete "savings" and insert "**scholarship**".

Page 26, between lines 10 and 11, begin a new paragraph and insert:
"Sec. 5. "Council" refers to the Indiana education scholarship account program advisory council established under IC 20-51.4-3-7."

Page 26, line 11, delete "5." and insert "**6.**".

Page 26, line 20, after "511 IAC 7-34;" insert "**or**".

Page 26, line 22, delete "or".

Page 26, delete lines 23 through 24.

Page 26, delete lines 26 through 32, begin a new line double block indented and insert:

"(B) a student with a parent who, at the time the account is established, is on active duty service in the armed forces of the United States or national guard; or"

Page 26, line 35, delete "established; and" and insert "**established and has received authorization from the department of child services to establish the account; and"**

Page 26, between lines 40 and 41, begin a new paragraph and insert:

"Sec. 7. "Parent" has the meaning set forth in IC 20-18-2-13 and includes for a student described in section 6(3)(C) of this chapter, a foster parent."

Page 26, line 41, delete "6." and insert "**8.**".

Page 27, line 2, delete "7." and insert "**9.**".

Page 27, line 2, delete "savings" and insert "**scholarship**".

Page 27, line 4, delete "8." and insert "**10.**".

Page 27, line 6, delete "9." and insert "**11.**".

Page 27, line 7, delete "student:" and insert "**student for which**



scholarship money in an account may be used:".

Page 27, line 17, after "referenced" insert "**or criterion referenced**".

Page 27, line 18, delete "examinations;" and insert "**examinations, Cambridge International courses, International Baccalaureate courses, or College-Level Examination Program (CLEP) examinations;**".

Page 27, between lines 29 and 30, begin a new line block indented and insert:

"(6) Payments associated with the use of paraprofessional or educational aides."

Page 27, line 30, delete "(6)" and insert "(7)".

Page 27, line 32, delete "(7)" and insert "(8)".

Page 27, line 35, delete "(8)" and insert "(9)".

Page 27, line 39, delete "(9)" and insert "(10)".

Page 28, delete lines 1 through 5, begin a new line block indented and insert:

"(11) Additional services and therapies prescribed by the eligible student's treating physician in accordance with generally accepted standards of care to improve outcomes for the student in addition to any services currently being provided by the school, insurance, or the Medicaid program."

Page 28, line 6, delete "(11)" and insert "(12)".

Page 28, line 8, delete "(12)" and insert "(13)".

Page 28, line 11, delete "(13)" and insert "(14)".

Page 28, between lines 13 and 14, begin a new line block indented and insert:

"(15) Costs of up to two hundred dollars (\$200) associated with obtaining a school uniform.

(16) Tuition and fees to attend training programs and camps that have a focus on:

(A) vocational skills;

(B) academic skills;

(C) life skills;

(D) independence; or

(E) soft job skills that are character traits and interpersonal skills that characterize a person's relationships with other people."

Page 28, line 14, delete "(14)" and insert "(17)".

Page 28, line 16, delete "(15)" and insert "(18)".

Page 28, line 16, delete "treasurer of state" and insert "**council**".

Page 28, delete line 17, begin a new line block indented and insert



"IC 20-51.4-3-6."

Page 28, line 18, delete "10." and insert "12."

Page 28, delete lines 24 through 25, begin a new line block indented and insert:

"(3) that administers the statewide assessment or an assessment that is correlated to the statewide assessment under IC 20-51.4-3-9."

Page 28, line 26, delete "Savings" and insert "Scholarship".

Page 28, line 28, delete "savings" and insert "scholarship".

Page 28, line 29, delete "established." and insert **"established to provide grants to a parent of an eligible student or an emancipated student under IC 20-51.4-4 after June 30, 2022."**

Page 28, line 32, delete "shall" and insert "may".

Page 28, line 37, after "state;" insert "and".

Page 28, line 38, delete "principles; and" and insert "principles."

Page 28, delete lines 39 through 41.

Page 29, delete lines 10 through 18.

Page 29, line 19, delete "5. (a) The" and insert **"4. (a) After June 30, 2022, the"**.

Page 29, line 28, delete "program." and insert **"program or the education experience of the eligible student or the eligible student's family."**

Page 29, line 29, delete "2021," and insert "2022,".

Page 29, line 34, delete "6." and insert "5."

Page 30, between lines 7 and 8, begin a new line block indented and insert:

"(7) Resources the family of an eligible student described in IC 20-51.4-2-6(3)(A) or IC 20-51.4-2-6(3)(C) can access to learn about advocacy groups available to provide information and resources to the eligible student's family."

Page 30, line 8, delete "7." and insert "6."

Page 30, line 11, after "petition" insert "the council".

Page 30, line 12, delete "IC 20-51.4-2-9(1) through" and insert **"IC 20-51.4-2-11(1) through IC 20-51.4-2-11(17)."**

Page 30, delete line 13.

Page 30, between lines 13 and 14, begin a new paragraph and insert:

"Sec. 7. (a) The Indiana education scholarship account program advisory council is established to:

(1) provide guidance on the implementation of the program as well as to provide recommendations for program improvements to the treasurer of state and, in an electronic format under IC 5-14-6, to the general assembly; and



(2) review a summary of the surveys administered by the treasurer of state under section 4 of this chapter and make recommendations to the department or, in an electronic format under IC 5-14-6, to the general assembly, to improve the educational experience offered by the program.

(b) The council consists of the following members:

(1) A representative of the treasurer of state's office, appointed by the treasurer of state.

(2) A representative of the department, appointed by the secretary of education.

(3) A representative of the Indiana Council of Administrators of Special Education (ICASE), appointed by the secretary of education.

(4) One (1) member who is a representative of a statewide advocacy organization for individuals with intellectual and developmental disabilities, appointed by the treasurer of state.

(5) One (1) member who is a representative of an organization advocating for foster children, appointed by the treasurer of state.

(6) One (1) member who is a representative of an organization advocating for military families, appointed by the treasurer of state.

(7) One (1) member who must be the parent of an eligible student described in IC 20-51.4-2-6(3)(A), appointed by the president pro tempore of the senate.

(8) One (1) member who must be the parent of an eligible student described in IC 20-51.4-2-6(3)(B), appointed by the president pro tempore of the senate.

(9) One (1) member who must be the parent of an eligible student described in IC 20-51.4-2-6(3)(C), appointed by the president pro tempore of the senate.

(10) Two (2) members who are parents of an eligible student described in IC 20-51.4-2-6(3)(A), IC 20-51.4-2-6(3)(B), or IC 20-51.4-2-6(3)(C), appointed by the speaker of the house of representatives.

(11) One (1) member who is a representative of nonpublic schools appointed by the secretary of education.

(12) One (1) member who is an eligible student, appointed by the speaker of the house of representatives.

(c) The member described in subsection (b)(1) shall act as chairperson of the council. The council shall meet at the call of the chairperson. The treasurer of state shall provide staffing support



for the council. A majority of the entire membership of the council shall constitute a quorum. No action of the council shall be valid unless approved by at least seven (7) members.

(d) The council shall make recommendations to the treasurer of state regarding the establishment of a program handbook.

Sec. 8. (a) The department shall provide services that offer objective advice upon request to parents of an eligible student or an emancipated eligible student relating to services that can help meet the eligible student's or emancipated eligible student's particular needs.

(b) The department may contract with a third party provider to provide the services described in subsection (a).

Sec. 9. The department shall maintain a list of assessments that are correlated to the statewide assessment, and upon request from a school, perform an assessment correlation if the assessment correlation is feasible."

Page 30, line 14, delete "Savings" and insert "Scholarship".

Page 30, line 15, delete "A" and insert "After June 30, 2022, a".

Page 30, line 16, delete "savings" and insert "scholarship".

Page 30, line 19, after "state." insert "The account of an eligible student shall be made in the name of the eligible student."

Page 30, line 29, delete "and".

Page 30, line 40, delete "29 U.S.C. 794." and insert "29 U.S.C. 794; and".

Page 30, between lines 40 and 41, begin a new line block indented and insert:

"(4) the eligible student will not be enrolled in a school that receives tuition support under IC 20-43."

Page 31, line 11, after "year." insert "An eligible student may not receive a grant under section 3 of this chapter if the eligible student is currently included in a school corporation's ADM count under IC 20-43-4."

Page 31, line 29, delete "one (1) year" and insert "three hundred ninety-five (395) days".

Page 32, line 18, delete "The treasurer of" and insert "The treasurer of state may deduct an amount of not more than one and five-tenths percent (1.5%) from each quarterly distribution to accounts under this article to cover the costs of managing the accounts and administering the program. However, the amount deducted under this subsection may not exceed a maximum annual fee amount of two hundred fifty thousand dollars (\$250,000). The administrative fees collected under this subsection must be reduced



proportionately in a manner necessary to comply with the maximum annual fee amount requirements."

Page 32, delete lines 19 through 22.

Page 32, delete lines 30 through 36, begin a new paragraph and insert:

"Sec. 3. (a) Subject to sections 4 and 11 of this chapter, the annual grant amount under section 2 of this chapter for an eligible student who attends a qualified school equals, subject to subsection (b), ninety percent (90%) of the amount determined in the last STEP of the following formula:

STEP ONE: Determine the school corporation in which the eligible student has legal settlement.

STEP TWO: Determine the amount of state tuition support that the school corporation identified under STEP ONE is eligible to receive under IC 20-43-6 for the state fiscal year in which the immediately preceding school year begins. The amount does not include amounts provided for special education grants under IC 20-43-7, career and technical education grants under IC 20-43-8, or grants under IC 20-43-10.

STEP THREE: Determine the result of:

(A) the STEP TWO amount; divided by

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

Page 32, line 37, delete "If" and insert **"An eligible student may choose to receive special education services from the school corporation required to provide the special education services to the eligible student under 511 IAC 7-34-1. However, if"**.

Page 33, line 10, after "agreement." insert **"In the event an eligible student's account is terminated because the eligible student enrolls in a school that receives tuition support under IC 20-43, the balance in the account at the time the account is terminated shall be transferred to the school corporation or charter school in which the eligible student enrolls."**

Page 33, line 30, after "provider." insert **"However, the treasurer of state, in consultation with the department, shall establish criteria and a process by which a parent of an eligible student described in IC 20-51.4-2-6(3)(A) may receive a waiver from the limit imposed on transportation fees under this section."**

Page 34, line 30, delete "thirty (30)" and insert **"fifteen (15)"**.

Page 35, line 7, after "chapter" insert **"or money in the account"**.



Page 35, line 42, delete "511 IAC 7-34." and insert "**511 IAC 7-34 or generally accepted standards of care prescribed by the eligible student's treating physician.**".

Page 36, line 27, delete "the tests" and insert "**the statewide assessment or an assessment that is correlated to the statewide assessment unless otherwise prescribed by the eligible student's:**".

Page 36, delete lines 28 through 31.

Page 36, line 38, delete "the ILEARN program test results," and insert "**the statewide assessment or an assessment that is correlated to the statewide assessment test results,**".

Page 36, line 42, delete "the ILEARN program test results" and insert "**the statewide assessment or an assessment that is correlated to the statewide assessment test results**".

Page 38, line 2, after "1." insert "(a)".

Page 38, after line 3, begin a new paragraph and insert:

"(b) The state board shall adopt rules under IC 4-22-2 to establish a procedure to establish an Indiana education scholarship account education service plan for an eligible student defined in IC 20-51.4-2-6(3)(A).

SECTION 14. [EFFECTIVE JULY 1, 2021] (a) There is appropriated to the treasurer of state five million dollars (\$5,000,000) from the state general fund for use in implementing the Indiana education savings account program under IC 20-51.4, as added by this act, beginning July 1, 2021, and ending June 30, 2022.

(b) This SECTION expires July 1, 2022."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1005 as introduced.)

BEHNING

Committee Vote: yeas 8, nays 4.

