



February 11, 2021

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## HOUSE BILL No. 1005

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DIGEST OF HB 1005 (Updated February 9, 2021 9:57 pm - DI 134)

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

**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 that the treasurer of state shall establish a date by which an application to establish an account for the 2022-2023 school year must be submitted. Provides that, for a school year beginning after July 1, 2022, applications must be submitted for an eligible student not later than April 1 for the next school year. 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  
(Continued next page)

**Effective:** July 1, 2021.

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### Behning, Clere, Prescott, Lauer

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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.  
February 11, 2021, amended, reported — Do Pass.

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HB 1005—LS 7434/DI 116



Digest Continued

to the amount of tuition an eligible choice 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.

**HB 1005—LS 7434/DI 116**



February 11, 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

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

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

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

HB 1005—LS 7434/DI 116



- 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 an  
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 5-22-9.**

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 treasurer of state shall  
 16 establish a date by which an application to establish an account for  
 17 the 2022-2023 school year must be submitted. However, for a  
 18 school year beginning after July 1, 2022, applications must be  
 19 submitted for an eligible student not later than April 1 for the  
 20 immediately following school year. The account of an eligible  
 21 student shall be made in the name of the eligible student. The  
 22 treasurer of state shall make the agreement available on the  
 23 Internet web site of the treasurer of state. To be eligible, a parent  
 24 of an eligible student or an emancipated eligible student wishing to  
 25 participate in the program must agree that:

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

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

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

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

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

38 (i) individualized education program;

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

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

42 (iv) plan developed under Section 504 of the federal



- 1                   **Rehabilitation Act of 1973, 29 U.S.C. 794; and**  
2                   **(4) the eligible student will not be enrolled in a school that**  
3                   **receives tuition support under IC 20-43.**  
4                   **(b) A parent of an eligible student may enter into a separate**  
5                   **agreement under subsection (a) for each child of the parent.**  
6                   **However, not more than one (1) account may be established for**  
7                   **each eligible student.**  
8                   **(c) The account must be established under subsection (a) by a**  
9                   **parent of an eligible student or an emancipated eligible student for**  
10                  **a school year on or before a date established by the treasurer of**  
11                  **state, which must be at least thirty (30) days before the fall ADM**  
12                  **count date established by the state board under IC 20-43-4-3. A**  
13                  **parent of an eligible student or an emancipated eligible student**  
14                  **may not enter into an agreement under this section or maintain an**  
15                  **account under this chapter if the eligible student receives a choice**  
16                  **scholarship under IC 20-51-4 for the same school year. An eligible**  
17                  **student may not receive a grant under section 3 of this chapter if**  
18                  **the eligible student is currently included in a school corporation's**  
19                  **ADM count under IC 20-43-4.**  
20                  **(d) Except as provided in subsections (e) and (f), an agreement**  
21                  **made under this section is valid for one (1) school year while the**  
22                  **eligible student is in kindergarten through grade 12 and may be**  
23                  **renewed annually, and money in the account at the end of the**  
24                  **school year remains in the account. Upon graduation or receipt of**  
25                  **a certificate of completion under the eligible student's**  
26                  **individualized education program, the parent of an eligible student**  
27                  **or an emancipated eligible student shall annually renew the**  
28                  **account and may elect to keep the account open until the money in**  
29                  **the account is depleted or the account is terminated. However,**  
30                  **money in the account may not be used for anything other than**  
31                  **qualified expenses.**  
32                  **(e) An agreement entered into under this section terminates**  
33                  **automatically for an eligible student if:**  
34                       **(1) the eligible student no longer resides in Indiana while the**  
35                       **eligible student is eligible to receive grants under section 2 of**  
36                       **this chapter; or**  
37                       **(2) the account is not renewed within three hundred**  
38                       **ninety-five (395) days after the date the account was either**  
39                       **established or last renewed.**  
40                  **If an account is terminated under this section, money in the eligible**  
41                  **student's account, including any interest accrued, reverts to the**  
42                  **state tuition reserve account.**



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

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

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

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

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



1 a previous year.

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

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

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

16 STEP THREE: Determine the result of:

17 (A) the STEP TWO amount; divided by

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

21 (b) An eligible student may choose to receive special education  
22 services from the school corporation required to provide the  
23 special education services to the eligible student under 511  
24 IAC 7-34-1. However, if an eligible student described in subsection  
25 (a) chooses not to receive special education or related services from  
26 a school corporation required to provide the services to the eligible  
27 student under 511 IAC 7-34-1, the annual grant amount for the  
28 eligible student shall, in addition to the amount described in  
29 subsection (a), include the amount the school corporation would  
30 receive under IC 20-43-7 for the eligible student if the eligible  
31 student attended the school corporation.

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

34 Sec. 4. If an eligible student's agreement under section 1 of this  
35 chapter is in effect for less than an entire school year, the annual  
36 grant amount provided under section 2 of this chapter for that  
37 school year shall be reduced on a prorated basis in a manner  
38 prescribed by the treasurer of state to reflect the length of the  
39 agreement. In the event an eligible student's account is terminated  
40 because the eligible student enrolls in a school that receives tuition  
41 support under IC 20-43, the balance in the account at the time the  
42 account is terminated shall be transferred to the school



1 corporation or charter school in which the eligible student enrolls.

2 **Sec. 5.** Upon entering into or renewing an agreement under this  
3 chapter, the treasurer of state shall provide to the parent of an  
4 eligible student or an emancipated eligible student a written  
5 explanation of the authorized uses of the money in the account and  
6 the responsibilities of the parent of an eligible student or an  
7 emancipated eligible student and the treasurer of state regarding  
8 an account established under section 1 of this chapter.

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

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

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

28 (1) refund any part of the payment to the parent of the eligible  
29 student or the emancipated eligible student unless the refund  
30 is for an item that has been returned to the place of original  
31 purchase or is for an item or service that has not been  
32 provided by the participating entity; or

33 (2) rebate or otherwise share any part of the payment with the  
34 parent of the eligible student or the emancipated eligible  
35 student who made the payment.

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

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

42 (1) fails to comply with the terms of the agreement established



1 under section 1 of this chapter;

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

3 (3) substantially misuses funds in the account.

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

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

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

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



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

6           **Chapter 5. Participating Entities**

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

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

20           **(2) the creation of the program does not expand the**  
 21 **regulatory authority of the state or the state's officers to**  
 22 **impose additional regulation of nonpublic schools beyond**  
 23 **those necessary to enforce the requirements of the program;**  
 24 **and**

25           **(3) an accredited nonpublic school that is a participating**  
 26 **entity may provide for the educational needs of students**  
 27 **without governmental control.**

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

31           **(1) A qualified school.**

32           **(2) An approved postsecondary educational institution.**

33           **(3) An individual who or tutoring agency that provides**  
 34 **private tutoring.**

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

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





- 1           **(6) A licensed occupational therapist.**
- 2           **(b) The treasurer of state shall approve an application**  
 3 **submitted under subsection (a) if the individual or entity meets the**  
 4 **criteria to serve as a participating entity.**
- 5           **(c) If it is reasonably expected by the treasurer of state that a**  
 6 **participating entity will receive, from payments made under the**  
 7 **program, more than fifty thousand dollars (\$50,000) during a**  
 8 **particular school year, the participating entity shall, on or before**  
 9 **a date prescribed by the treasurer of state:**
- 10           **(1) post a surety bond in an amount equal to the amount**  
 11 **expected to be paid to the participating entity under the**  
 12 **program for the particular school year; or**
- 13           **(2) provide the treasurer of state evidence, in a manner**  
 14 **prescribed by the treasurer of state, indicating that the**  
 15 **participating entity has unencumbered assets sufficient to pay**  
 16 **the treasurer of state an amount equal to the amount expected**  
 17 **to be paid to the participating entity under the program**  
 18 **during the particular school year.**
- 19           **(d) Each participating entity that accepts payments made from**  
 20 **an account under this article shall provide a receipt to the parent**  
 21 **of an eligible student or to the emancipated eligible student for**  
 22 **each payment made.**
- 23           **Sec. 3. (a) Each qualified school that is a participating entity**  
 24 **that accepts payments for tuition and fees made from an account**  
 25 **under the program shall administer to its eligible students the**  
 26 **statewide assessment or an assessment that is correlated to the**  
 27 **statewide assessment unless otherwise prescribed by the eligible**  
 28 **student's:**
- 29           **(1) individualized education program;**  
 30           **(2) service plan developed under 511 IAC 7-34;**  
 31           **(3) choice special education plan developed under 511**  
 32 **IAC 7-49; or**
- 33           **(4) plan developed under Section 504 of the federal**  
 34 **Rehabilitation Act of 1973, 29 U.S.C. 794.**
- 35           **(b) Upon receipt of the statewide assessment or an assessment**  
 36 **that is correlated to the statewide assessment test results, the**  
 37 **department shall, subject to the federal Family Educational Rights**  
 38 **and Privacy Act (20 U.S.C. 1232g) and any regulations adopted**  
 39 **under that act:**
- 40           **(1) aggregate the statewide assessment or an assessment that**  
 41 **is correlated to the statewide assessment test results according**  
 42 **to the grade level, gender, race, and family income level of all**



1 eligible students; and

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

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

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

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

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

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

31 Sec. 5. An approved participating entity:

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

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

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

42 Chapter 6. Rulemaking



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

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



## 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

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1005, has had the same under consideration and

**HB 1005—LS 7434/DI 116**



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.

Page 29, line 15, delete "5-30-6." and insert "5-22-9."

Page 32, line 15, after "state." insert "**The treasurer of state shall establish a date by which an application to establish an account for the 2022-2023 school year must be submitted. However, for a school year beginning after July 1, 2022, applications must be submitted for an eligible student not later than April 1 for the immediately following school year.**".

Page 34, line 41, delete "who attends a qualified school".

Page 41, delete lines 3 through 9.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1005 as printed February 4, 2021.)

BROWN T

Committee Vote: yeas 16, nays 8.

