

HOUSE BILL No. 1229

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 20-18-3-2; IC 20-43-2; IC 20-51-4-2; IC 20-52.

Synopsis: Education matters. Provides that any statute or rule establishing requirements regarding teacher salary, evaluations, curriculum, or any other requirement regarding the employment of teachers other than teacher licensing requirements is, as applicable, repealed or voided. Establishes the education options account program (program). Requires the treasurer of state to administer the program. Establishes: (1) the education options account fund; and (2) requirements and conditions for the program. Requires the treasurer of state to: (1) annually request a parent of an eligible student who is participating in the program to complete a written survey; and (2) annually provide a summary of the survey to the governor and the legislative council. Continuously appropriates money from the education options account fund and the accounts established within the fund for the purposes of the program.

Effective: July 1, 2020; July 1, 2021.

Lucas

January 16, 2020, read first time and referred to Committee on Education.



Second Regular Session of the 121st General Assembly (2020)

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 2019 Regular Session of the General Assembly.

HOUSE BILL No. 1229

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

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

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



- 1 one thousand dollars (\$1,000).
2 (4) Subtract one thousand dollars (\$1,000) for:
3 (A) each of the exemptions provided by Section 151(c) of the
4 Internal Revenue Code (as effective January 1, 2017);
5 (B) each additional amount allowable under Section 63(f) of
6 the Internal Revenue Code; and
7 (C) the spouse of the taxpayer if a separate return is made by
8 the taxpayer and if the spouse, for the calendar year in which
9 the taxable year of the taxpayer begins, has no gross income
10 and is not the dependent of another taxpayer.
11 (5) Subtract:
12 (A) one thousand five hundred dollars (\$1,500) for each of the
13 exemptions allowed under Section 151(c)(1)(B) of the Internal
14 Revenue Code (as effective January 1, 2004);
15 (B) one thousand five hundred dollars (\$1,500) for each
16 exemption allowed under Section 151(c) of the Internal
17 Revenue Code (as effective January 1, 2017) for an individual:
18 (i) who is less than nineteen (19) years of age or is a
19 full-time student who is less than twenty-four (24) years of
20 age;
21 (ii) for whom the taxpayer is the legal guardian; and
22 (iii) for whom the taxpayer does not claim an exemption
23 under clause (A); and
24 (C) five hundred dollars (\$500) for each additional amount
25 allowable under Section 63(f)(1) of the Internal Revenue Code
26 if the adjusted gross income of the taxpayer, or the taxpayer
27 and the taxpayer's spouse in the case of a joint return, is less
28 than forty thousand dollars (\$40,000).
29 This amount is in addition to the amount subtracted under
30 subdivision (4).
31 (6) Subtract any amounts included in federal adjusted gross
32 income under Section 111 of the Internal Revenue Code as a
33 recovery of items previously deducted as an itemized deduction
34 from adjusted gross income.
35 (7) Subtract any amounts included in federal adjusted gross
36 income under the Internal Revenue Code which amounts were
37 received by the individual as supplemental railroad retirement
38 annuities under 45 U.S.C. 231 and which are not deductible under
39 subdivision (1).
40 (8) Subtract an amount equal to the amount of federal Social
41 Security and Railroad Retirement benefits included in a taxpayer's
42 federal gross income by Section 86 of the Internal Revenue Code.



- 1 (9) In the case of a nonresident taxpayer or a resident taxpayer
2 residing in Indiana for a period of less than the taxpayer's entire
3 taxable year, the total amount of the deductions allowed pursuant
4 to subdivisions (3), (4), and (5) shall be reduced to an amount
5 which bears the same ratio to the total as the taxpayer's income
6 taxable in Indiana bears to the taxpayer's total income.
- 7 (10) In the case of an individual who is a recipient of assistance
8 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
9 subtract an amount equal to that portion of the individual's
10 adjusted gross income with respect to which the individual is not
11 allowed under federal law to retain an amount to pay state and
12 local income taxes.
- 13 (11) In the case of an eligible individual, subtract the amount of
14 a Holocaust victim's settlement payment included in the
15 individual's federal adjusted gross income.
- 16 (12) Subtract an amount equal to the portion of any premiums
17 paid during the taxable year by the taxpayer for a qualified long
18 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
19 or the taxpayer's spouse, or both.
- 20 (13) Subtract an amount equal to the lesser of:
21 (A) two thousand five hundred dollars (\$2,500); or
22 (B) the amount of property taxes that are paid during the
23 taxable year in Indiana by the individual on the individual's
24 principal place of residence.
- 25 (14) Subtract an amount equal to the amount of a September 11
26 terrorist attack settlement payment included in the individual's
27 federal adjusted gross income.
- 28 (15) Add or subtract the amount necessary to make the adjusted
29 gross income of any taxpayer that owns property for which bonus
30 depreciation was allowed in the current taxable year or in an
31 earlier taxable year equal to the amount of adjusted gross income
32 that would have been computed had an election not been made
33 under Section 168(k) of the Internal Revenue Code to apply bonus
34 depreciation to the property in the year that it was placed in
35 service.
- 36 (16) Add an amount equal to any deduction allowed under
37 Section 172 of the Internal Revenue Code (concerning net
38 operating losses).
- 39 (17) Add or subtract the amount necessary to make the adjusted
40 gross income of any taxpayer that placed Section 179 property (as
41 defined in Section 179 of the Internal Revenue Code) in service
42 in the current taxable year or in an earlier taxable year equal to



1 the amount of adjusted gross income that would have been
 2 computed had an election for federal income tax purposes not
 3 been made for the year in which the property was placed in
 4 service to take deductions under Section 179 of the Internal
 5 Revenue Code in a total amount exceeding the sum of:

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

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

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

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

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

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

25 (18) Subtract an amount equal to the amount of the taxpayer's
 26 qualified military income that was not excluded from the
 27 taxpayer's gross income for federal income tax purposes under
 28 Section 112 of the Internal Revenue Code.

29 (19) Subtract income that is:

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

32 (B) included in the individual's federal adjusted gross income
 33 under the Internal Revenue Code.

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



1 from business indebtedness discharged in connection with the
2 reacquisition after December 31, 2008, and before January 1,
3 2011, of an applicable debt instrument, as provided in Section
4 108(i) of the Internal Revenue Code.

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

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

14 (23) For taxable years beginning after December 25, 2016, add an
15 amount equal to the deduction for deferred foreign income that
16 was claimed by the taxpayer for the taxable year under Section
17 965(c) of the Internal Revenue Code.

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

28 (25) Subtract the amount that would have been excluded from
29 gross income but for the enactment of Section 118(b)(2) of the
30 Internal Revenue Code for taxable years ending after December
31 22, 2017.

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

34 **(27) Subtract the amount of an annual grant amount**
35 **distributed to a taxpayer's Indiana education options account**
36 **under IC 20-52 that is used for a qualified expense (as defined**
37 **in IC 20-52-2-9), to the extent the distribution used for the**
38 **qualified expense is included in the taxpayer's federal**
39 **adjusted gross income under the Internal Revenue Code.**

40 (b) In the case of corporations, the same as "taxable income" (as
41 defined in Section 63 of the Internal Revenue Code) adjusted as
42 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) Add an amount equal to any deduction or deductions allowed
 4 or allowable pursuant to Section 170 of the Internal Revenue
 5 Code (concerning charitable contributions).
 6 (3) Except as provided in subsection (c), add an amount equal to
 7 any deduction or deductions allowed or allowable pursuant to
 8 Section 63 of the Internal Revenue Code for taxes based on or
 9 measured by income and levied at the state level by any state of
 10 the United States.
 11 (4) Subtract an amount equal to the amount included in the
 12 corporation's taxable income under Section 78 of the Internal
 13 Revenue Code (concerning foreign tax credits).
 14 (5) Add or subtract the amount necessary to make the adjusted
 15 gross income of any taxpayer that owns property for which bonus
 16 depreciation was allowed in the current taxable year or in an
 17 earlier taxable year equal to the amount of adjusted gross income
 18 that would have been computed had an election not been made
 19 under Section 168(k) of the Internal Revenue Code to apply bonus
 20 depreciation to the property in the year that it was placed in
 21 service.
 22 (6) Add an amount equal to any deduction allowed under Section
 23 172 of the Internal Revenue Code (concerning net operating
 24 losses).
 25 (7) Add or subtract the amount necessary to make the adjusted
 26 gross income of any taxpayer that placed Section 179 property (as
 27 defined in Section 179 of the Internal Revenue Code) in service
 28 in the current taxable year or in an earlier taxable year equal to
 29 the amount of adjusted gross income that would have been
 30 computed had an election for federal income tax purposes not
 31 been made for the year in which the property was placed in
 32 service to take deductions under Section 179 of the Internal
 33 Revenue Code in a total amount exceeding the sum of:
 34 (A) twenty-five thousand dollars (\$25,000) to the extent
 35 deductions under Section 179 of the Internal Revenue Code
 36 were not elected as provided in clause (B); and
 37 (B) for taxable years beginning after December 31, 2017, the
 38 deductions elected under Section 179 of the Internal Revenue
 39 Code on property acquired in an exchange if:
 40 (i) the exchange would have been eligible for
 41 nonrecognition of gain or loss under Section 1031 of the
 42 Internal Revenue Code in effect on January 1, 2017;



- 1 (ii) the exchange is not eligible for nonrecognition of gain or
 2 loss under Section 1031 of the Internal Revenue Code; and
 3 (iii) the taxpayer made an election to take deductions under
 4 Section 179 of the Internal Revenue Code with regard to the
 5 acquired property in the year that the property was placed
 6 into service.
- 7 The amount of deductions allowable for an item of property
 8 under this clause may not exceed the amount of adjusted gross
 9 income realized on the property that would have been deferred
 10 under the Internal Revenue Code in effect on January 1, 2017.
- 11 (8) Add to the extent required by IC 6-3-2-20:
 12 (A) the amount of intangible expenses (as defined in
 13 IC 6-3-2-20) for the taxable year that reduced the corporation's
 14 taxable income (as defined in Section 63 of the Internal
 15 Revenue Code) for federal income tax purposes; and
 16 (B) any directly related interest expenses (as defined in
 17 IC 6-3-2-20) that reduced the corporation's adjusted gross
 18 income (determined without regard to this subdivision). For
 19 purposes of this ~~subdivision~~, **clause**, any directly related
 20 interest expense that constitutes business interest within the
 21 meaning of Section 163(j) of the Internal Revenue Code shall
 22 be considered to have reduced the taxpayer's federal taxable
 23 income only in the first taxable year in which the deduction
 24 otherwise would have been allowable under Section 163 of the
 25 Internal Revenue Code if the limitation under Section
 26 163(j)(1) of the Internal Revenue Code did not exist.
- 27 (9) Add an amount equal to any deduction for dividends paid (as
 28 defined in Section 561 of the Internal Revenue Code) to
 29 shareholders of a captive real estate investment trust (as defined
 30 in section 34.5 of this chapter).
- 31 (10) Subtract income that is:
 32 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 33 derived from patents); and
 34 (B) included in the corporation's taxable income under the
 35 Internal Revenue Code.
- 36 (11) Add an amount equal to any income not included in gross
 37 income as a result of the deferral of income arising from business
 38 indebtedness discharged in connection with the reacquisition after
 39 December 31, 2008, and before January 1, 2011, of an applicable
 40 debt instrument, as provided in Section 108(i) of the Internal
 41 Revenue Code. Subtract from the adjusted gross income of any
 42 taxpayer that added an amount to adjusted gross income in a



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

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

12 (13) For taxable years beginning after December 25, 2016:

13 (A) for a corporation other than a real estate investment trust,
14 add:

15 (i) an amount equal to the amount reported by the taxpayer
16 on IRC 965 Transition Tax Statement, line 1; or

17 (ii) if the taxpayer deducted an amount under Section 965(c)
18 of the Internal Revenue Code in determining the taxpayer's
19 taxable income for purposes of the federal income tax, the
20 amount deducted under Section 965(c) of the Internal
21 Revenue Code; and

22 (B) for a real estate investment trust, add an amount equal to
23 the deduction for deferred foreign income that was claimed by
24 the taxpayer for the taxable year under Section 965(c) of the
25 Internal Revenue Code, but only to the extent that the taxpayer
26 included income pursuant to Section 965 of the Internal
27 Revenue Code in its taxable income for federal income tax
28 purposes or is required to add back dividends paid under
29 subdivision (9).

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

37 (15) Subtract any interest expense paid or accrued in the current
38 taxable year but not deducted as a result of the limitation imposed
39 under Section 163(j)(1) of the Internal Revenue Code. Add any
40 interest expense paid or accrued in a previous taxable year but
41 allowed as a deduction under Section 163 of the Internal Revenue
42 Code in the current taxable year. For purposes of this subdivision,



1 an interest expense is considered paid or accrued only in the first
 2 taxable year the deduction would have been allowable under
 3 Section 163 of the Internal Revenue Code if the limitation under
 4 Section 163(j)(1) of the Internal Revenue Code did not exist.

5 (16) Subtract the amount that would have been excluded from
 6 gross income but for the enactment of Section 118(b)(2) of the
 7 Internal Revenue Code for taxable years ending after December
 8 22, 2017.

9 (17) Add or subtract any other amounts the taxpayer is:

10 (A) required to add or subtract; or

11 (B) entitled to deduct;

12 under IC 6-3-2.

13 (c) The following apply to taxable years beginning after December
 14 31, 2018, for purposes of the add back of any deduction allowed on the
 15 taxpayer's federal income tax return for wagering taxes, as provided in
 16 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
 17 the taxpayer is a corporation:

18 (1) For taxable years beginning after December 31, 2018, and
 19 before January 1, 2020, a taxpayer is required to add back under
 20 this section eighty-seven and five-tenths percent (87.5%) of any
 21 deduction allowed on the taxpayer's federal income tax return for
 22 wagering taxes.

23 (2) For taxable years beginning after December 31, 2019, and
 24 before January 1, 2021, a taxpayer is required to add back under
 25 this section seventy-five percent (75%) of any deduction allowed
 26 on the taxpayer's federal income tax return for wagering taxes.

27 (3) For taxable years beginning after December 31, 2020, and
 28 before January 1, 2022, a taxpayer is required to add back under
 29 this section sixty-two and five-tenths percent (62.5%) of any
 30 deduction allowed on the taxpayer's federal income tax return for
 31 wagering taxes.

32 (4) For taxable years beginning after December 31, 2021, and
 33 before January 1, 2023, a taxpayer is required to add back under
 34 this section fifty percent (50%) of any deduction allowed on the
 35 taxpayer's federal income tax return for wagering taxes.

36 (5) For taxable years beginning after December 31, 2022, and
 37 before January 1, 2024, a taxpayer is required to add back under
 38 this section thirty-seven and five-tenths percent (37.5%) of any
 39 deduction allowed on the taxpayer's federal income tax return for
 40 wagering taxes.

41 (6) For taxable years beginning after December 31, 2023, and
 42 before January 1, 2025, a taxpayer is required to add back under



- 1 this section twenty-five percent (25%) of any deduction allowed
 2 on the taxpayer's federal income tax return for wagering taxes.
- 3 (7) For taxable years beginning after December 31, 2024, and
 4 before January 1, 2026, a taxpayer is required to add back under
 5 this section twelve and five-tenths percent (12.5%) of any
 6 deduction allowed on the taxpayer's federal income tax return for
 7 wagering taxes.
- 8 (8) For taxable years beginning after December 31, 2025, a
 9 taxpayer is not required to add back under this section any amount
 10 of a deduction allowed on the taxpayer's federal income tax return
 11 for wagering taxes.
- 12 (d) In the case of life insurance companies (as defined in Section
 13 816(a) of the Internal Revenue Code) that are organized under Indiana
 14 law, the same as "life insurance company taxable income" (as defined
 15 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 16 (1) Subtract income that is exempt from taxation under this article
 17 by the Constitution and statutes of the United States.
- 18 (2) Add an amount equal to any deduction allowed or allowable
 19 under Section 170 of the Internal Revenue Code (concerning
 20 charitable contributions).
- 21 (3) Add an amount equal to a deduction allowed or allowable
 22 under Section 805 or Section 832(c) of the Internal Revenue Code
 23 for taxes based on or measured by income and levied at the state
 24 level by any state.
- 25 (4) Subtract an amount equal to the amount included in the
 26 company's taxable income under Section 78 of the Internal
 27 Revenue Code (concerning foreign tax credits).
- 28 (5) Add or subtract the amount necessary to make the adjusted
 29 gross income of any taxpayer that owns property for which bonus
 30 depreciation was allowed in the current taxable year or in an
 31 earlier taxable year equal to the amount of adjusted gross income
 32 that would have been computed had an election not been made
 33 under Section 168(k) of the Internal Revenue Code to apply bonus
 34 depreciation to the property in the year that it was placed in
 35 service.
- 36 (6) Add an amount equal to any deduction allowed under Section
 37 172 of the Internal Revenue Code (concerning net operating
 38 losses).
- 39 (7) Add or subtract the amount necessary to make the adjusted
 40 gross income of any taxpayer that placed Section 179 property (as
 41 defined in Section 179 of the Internal Revenue Code) in service
 42 in the current taxable year or in an earlier taxable year equal to



1 the amount of adjusted gross income that would have been
2 computed had an election for federal income tax purposes not
3 been made for the year in which the property was placed in
4 service to take deductions under Section 179 of the Internal
5 Revenue Code in a total amount exceeding the sum of:

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

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

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

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

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

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

25 (8) Subtract income that is:

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

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

30 (9) Add an amount equal to any income not included in gross
31 income as a result of the deferral of income arising from business
32 indebtedness discharged in connection with the reacquisition after
33 December 31, 2008, and before January 1, 2011, of an applicable
34 debt instrument, as provided in Section 108(i) of the Internal
35 Revenue Code. Subtract from the adjusted gross income of any
36 taxpayer that added an amount to adjusted gross income in a
37 previous year the amount necessary to offset the amount included
38 in federal gross income as a result of the deferral of income
39 arising from business indebtedness discharged in connection with
40 the reacquisition after December 31, 2008, and before January 1,
41 2011, of an applicable debt instrument, as provided in Section
42 108(i) of the Internal Revenue Code.



- 1 (10) Add an amount equal to any exempt insurance income under
 2 Section 953(e) of the Internal Revenue Code that is active
 3 financing income under Subpart F of Subtitle A, Chapter 1,
 4 Subchapter N of the Internal Revenue Code.
- 5 (11) Add the amount excluded from federal gross income under
 6 Section 103 of the Internal Revenue Code for interest received on
 7 an obligation of a state other than Indiana, or a political
 8 subdivision of such a state, that is acquired by the taxpayer after
 9 December 31, 2011.
- 10 (12) For taxable years beginning after December 25, 2016, add:
 11 (A) an amount equal to the amount reported by the taxpayer on
 12 IRC 965 Transition Tax Statement, line 1; or
 13 (B) if the taxpayer deducted an amount under Section 965(c)
 14 of the Internal Revenue Code in determining the taxpayer's
 15 taxable income for purposes of the federal income tax, the
 16 amount deducted under Section 965(c) of the Internal Revenue
 17 Code.
- 18 (13) Add an amount equal to the deduction that was claimed by
 19 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 20 Internal Revenue Code (attributable to global intangible
 21 low-taxed income). The taxpayer shall separately specify the
 22 amount of the reduction under Section 250(a)(1)(B)(i) of the
 23 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 24 Internal Revenue Code.
- 25 (14) 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 (15) 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 (16) Add or subtract any other amounts the taxpayer is:
 40 (A) required to add or subtract; or
 41 (B) entitled to deduct;
 42 under IC 6-3-2.



1 (e) In the case of insurance companies subject to tax under Section
 2 831 of the Internal Revenue Code and organized under Indiana law, the
 3 same as "taxable income" (as defined in Section 832 of the Internal
 4 Revenue Code), adjusted as follows:

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

7 (2) Add an amount equal to any deduction allowed or allowable
 8 under Section 170 of the Internal Revenue Code (concerning
 9 charitable contributions).

10 (3) Add an amount equal to a deduction allowed or allowable
 11 under Section 805 or Section 832(c) of the Internal Revenue Code
 12 for taxes based on or measured by income and levied at the state
 13 level by any state.

14 (4) Subtract an amount equal to the amount included in the
 15 company's taxable income under Section 78 of the Internal
 16 Revenue Code (concerning foreign tax credits).

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

25 (6) Add an amount equal to any deduction allowed under Section
 26 172 of the Internal Revenue Code (concerning net operating
 27 losses).

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

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

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



- 1 (i) the exchange would have been eligible for
 2 nonrecognition of gain or loss under Section 1031 of the
 3 Internal Revenue Code in effect on January 1, 2017;
 4 (ii) the exchange is not eligible for nonrecognition of gain or
 5 loss under Section 1031 of the Internal Revenue Code; and
 6 (iii) the taxpayer made an election to take deductions under
 7 Section 179 of the Internal Revenue Code with regard to the
 8 acquired property in the year that the property was placed
 9 into service.
- 10 The amount of deductions allowable for an item of property
 11 under this clause may not exceed the amount of adjusted gross
 12 income realized on the property that would have been deferred
 13 under the Internal Revenue Code in effect on January 1, 2017.
- 14 (8) Subtract income that is:
 15 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
 16 derived from patents); and
 17 (B) included in the insurance company's taxable income under
 18 the Internal Revenue Code.
- 19 (9) Add an amount equal to any income not included in gross
 20 income as a result of the deferral of income arising from business
 21 indebtedness discharged in connection with the reacquisition after
 22 December 31, 2008, and before January 1, 2011, of an applicable
 23 debt instrument, as provided in Section 108(i) of the Internal
 24 Revenue Code. Subtract from the adjusted gross income of any
 25 taxpayer that added an amount to adjusted gross income in a
 26 previous year the amount necessary to offset the amount included
 27 in federal gross income as a result of the deferral of income
 28 arising from business indebtedness discharged in connection with
 29 the reacquisition after December 31, 2008, and before January 1,
 30 2011, of an applicable debt instrument, as provided in Section
 31 108(i) of the Internal Revenue Code.
- 32 (10) Add an amount equal to any exempt insurance income under
 33 Section 953(e) of the Internal Revenue Code that is active
 34 financing income under Subpart F of Subtitle A, Chapter 1,
 35 Subchapter N of the Internal Revenue Code.
- 36 (11) Add the amount excluded from federal gross income under
 37 Section 103 of the Internal Revenue Code for interest received on
 38 an obligation of a state other than Indiana, or a political
 39 subdivision of such a state, that is acquired by the taxpayer after
 40 December 31, 2011.
- 41 (12) For taxable years beginning after December 25, 2016, add:
 42 (A) an amount equal to the amount reported by the taxpayer on



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



1 gross income of any taxpayer that owns property for which bonus
 2 depreciation was allowed in the current taxable year or in an
 3 earlier taxable year equal to the amount of adjusted gross income
 4 that would have been computed had an election not been made
 5 under Section 168(k) of the Internal Revenue Code to apply bonus
 6 depreciation to the property in the year that it was placed in
 7 service.

8 (4) Add an amount equal to any deduction allowed under Section
 9 172 of the Internal Revenue Code (concerning net operating
 10 losses).

11 (5) Add or subtract the amount necessary to make the adjusted
 12 gross income of any taxpayer that placed Section 179 property (as
 13 defined in Section 179 of the Internal Revenue Code) in service
 14 in the current taxable year or in an earlier taxable year equal to
 15 the amount of adjusted gross income that would have been
 16 computed had an election for federal income tax purposes not
 17 been made for the year in which the property was placed in
 18 service to take deductions under Section 179 of the Internal
 19 Revenue Code in a total amount exceeding the sum of:

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

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

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

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

31 (iii) the taxpayer made an election to take deductions under
 32 Section 179 of the Internal Revenue Code with regard to the
 33 acquired property in the year that the property was placed
 34 into service.

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

39 (6) 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 taxpayer's taxable income under the



- 1 Internal Revenue Code.
- 2 (7) 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 (8) 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 (9) For taxable years beginning after December 25, 2016, add an
21 amount equal to:
- 22 (A) the amount reported by the taxpayer on IRC 965
23 Transition Tax Statement, line 1;
- 24 (B) if the taxpayer deducted an amount under Section 965(c)
25 of the Internal Revenue Code in determining the taxpayer's
26 taxable income for purposes of the federal income tax, the
27 amount deducted under Section 965(c) of the Internal Revenue
28 Code; and
- 29 (C) with regard to any amounts of income under Section 965
30 of the Internal Revenue Code distributed by the taxpayer, the
31 deduction under Section 965(c) of the Internal Revenue Code
32 attributable to such distributed amounts and not reported to the
33 beneficiary.
- 34 For purposes of this article, the amount required to be added back
35 under clause (B) is not considered to be distributed or
36 distributable to a beneficiary of the estate or trust for purposes of
37 Sections 651 and 661 of the Internal Revenue Code.
- 38 (10) Subtract any interest expense paid or accrued in the current
39 taxable year but not deducted as a result of the limitation imposed
40 under Section 163(j)(1) of the Internal Revenue Code. Add any
41 interest expense paid or accrued in a previous taxable year but
42 allowed as a deduction under Section 163 of the Internal Revenue



1 Code in the current taxable year. For purposes of this subdivision,
 2 an interest expense is considered paid or accrued only in the first
 3 taxable year the deduction would have been allowable under
 4 Section 163 of the Internal Revenue Code if the limitation under
 5 Section 163(j)(1) of the Internal Revenue Code did not exist.

6 (11) Add an amount equal to the deduction for qualified business
 7 income that was claimed by the taxpayer for the taxable year
 8 under Section 199A of the Internal Revenue Code.

9 (12) Subtract the amount that would have been excluded from
 10 gross income but for the enactment of Section 118(b)(2) of the
 11 Internal Revenue Code for taxable years ending after December
 12 22, 2017.

13 (13) Add or subtract any other amounts the taxpayer is:

14 (A) required to add or subtract; or

15 (B) entitled to deduct;

16 under IC 6-3-2.

17 (g) Subsections (a)(26), (b)(17), (d)(16), (e)(16), or (f)(13) may not
 18 be construed to require an add back or allow a deduction or exemption
 19 more than once for a particular add back, deduction, or exemption.

20 (h) For taxable years beginning after December 25, 2016, if:

21 (1) a taxpayer is a shareholder, either directly or indirectly, in a
 22 corporation that is an E&P deficit foreign corporation as defined
 23 in Section 965(b)(3)(B) of the Internal Revenue Code, and the
 24 earnings and profit deficit, or a portion of the earnings and profit
 25 deficit, of the E&P deficit foreign corporation is permitted to
 26 reduce the federal adjusted gross income or federal taxable
 27 income of the taxpayer, the deficit, or the portion of the deficit,
 28 shall also reduce the amount taxable under this section to the
 29 extent permitted under the Internal Revenue Code, however, in no
 30 case shall this permit a reduction in the amount taxable under
 31 Section 965 of the Internal Revenue Code for purposes of this
 32 section to be less than zero (0); and

33 (2) the Internal Revenue Service issues guidance that such an
 34 income or deduction is not reported directly on a federal tax
 35 return or is to be reported in a manner different than specified in
 36 this section, this section shall be construed as if federal adjusted
 37 gross income or federal taxable income included the income or
 38 deduction.

39 SECTION 2. IC 20-18-3-2 IS ADDED TO THE INDIANA CODE
 40 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 41 1, 2021]: **Sec. 2. (a) Any statute or rule establishing requirements**
 42 **regarding teacher salary, evaluations, curriculum, or any other**



1 requirement regarding the employment of teachers other than
2 teacher licensing requirements is, as applicable, repealed or voided.

3 (b) This section does not affect contracts or agreements in effect
4 on June 30, 2021. However, this section applies to any contract or
5 agreement entered into or renewed after June 30, 2021.

6 SECTION 3. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,
7 SECTION 268, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2021]: Sec. 1. **Except as provided in IC 20-52,**
9 the department shall distribute the amount appropriated by the general
10 assembly for distribution as state tuition support in accordance with
11 this article. If the appropriations for distribution as state tuition support
12 are more than required under this article, any excess shall revert to the
13 state general fund. The appropriations for state tuition support shall be
14 made each state fiscal year under a schedule set by the budget agency
15 and approved by the governor. However, the schedule must provide:

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

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

- 25 (1) as basic tuition support;
- 26 (2) for honors designation awards;
- 27 (3) for special education grants;
- 28 (4) for career and technical education grants;
- 29 (5) for choice scholarships; ~~and~~
- 30 (6) for Mitch Daniels early graduation scholarships; **and**
31 (7) for education options accounts;

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

33 SECTION 5. IC 20-51-4-2, AS AMENDED BY P.L.211-2013,
34 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2021]: Sec. 2. (a) Subject to subsection (b) **and except as**
36 **provided under subsection (c),** an eligible choice scholarship student
37 is entitled to a choice scholarship under this chapter for each school
38 year beginning after June 30, 2011, that the eligible choice scholarship
39 student enrolls in an eligible school.

40 (b) The department may not award more than:

- 41 (1) seven thousand five hundred (7,500) choice scholarships for
42 the school year beginning July 1, 2011, and ending June 30, 2012;



1 and

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

4 The department shall establish the standards used to allocate choice
5 scholarships among eligible choice scholarship students.

6 **(c) An eligible choice scholarship student is not entitled to a**
7 **choice scholarship under this chapter for a particular year if the**
8 **eligible choice scholarship student receives a grant under IC 20-52**
9 **into an education options account for the same school year.**

10 SECTION 6. IC 20-52 IS ADDED TO THE INDIANA CODE AS
11 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
12 2021]:

13 **ARTICLE 52. EDUCATION OPTIONS ACCOUNT**
14 **PROGRAM**

15 **Chapter 1. Application**

16 **Sec. 1. This article applies to a school year beginning after June**
17 **30, 2021, and each school year thereafter.**

18 **Chapter 2. Definitions**

19 **Sec. 1. The definitions in this chapter apply throughout this**
20 **article.**

21 **Sec. 2. "Account" means a consumer directed account:**

- 22 (1) established under this article; and
23 (2) composed of state funds deposited on behalf of an eligible
24 student that may be used for qualified expenses.

25 **Sec. 3. (a) "Approved postsecondary educational institution"**
26 **has the meaning set forth in IC 21-7-13-6(a).**

27 **(b) The term includes a state educational institution (as defined**
28 **in IC 21-7-13-32).**

29 **Sec. 4. (a) "Approved service provider" means a person that:**

- 30 (1) provides education or related services; and
31 (2) has received approval from the treasurer of state under
32 IC 20-52-5 to receive payments for qualified expenses for the
33 provision of education and related services.

34 **(b) The term includes a nonpublic school.**

35 **Sec. 5. "Eligible student" means an individual who:**

- 36 (1) has legal settlement in Indiana; and
37 (2) is at least five (5) years of age and less than twenty-two
38 (22) years of age on August 1 of the school year in which the
39 student applies for participation in the program.

40 **Sec. 6. "Grant funds" means the funds deposited by the**
41 **treasurer of state into an eligible student's account under**
42 **IC 20-52-3-6.**



1 **Sec. 7. "Person" means an individual, a nonpublic school, a**
 2 **corporation, a limited liability company, a partnership, or another**
 3 **legal entity.**

4 **Sec. 8. "Program" refers to the education options account**
 5 **program established by IC 20-52-3-1.**

6 **Sec. 9. "Qualified expense" refers to any of the following**
 7 **expenses related to the education of an eligible student:**

8 **(1) Tuition, fees, and required textbooks at a nonpublic**
 9 **school.**

10 **(2) Payment for the purchase of curriculum materials or any**
 11 **supplemental materials required to administer the**
 12 **curriculum.**

13 **(3) Tutoring services provided by an approved service**
 14 **provider who is a licensed teacher under IC 20-28-5.**

15 **(4) Tuition and fees for a nonpublic online learning program**
 16 **or course.**

17 **(5) Fees for:**

18 **(A) national norm referenced examinations;**

19 **(B) advanced placement examinations;**

20 **(C) any examinations necessary for admission to an**
 21 **approved postsecondary educational institution; or**

22 **(D) state approved industry certification assessments.**

23 **(6) Tuition, fees, and required textbooks at an approved**
 24 **postsecondary educational institution.**

25 **(7) Qualified special services.**

26 **(8) Computer hardware or other technological devices if used**
 27 **for an eligible student's educational needs and approved by**
 28 **the treasurer of state.**

29 **(9) Contributions to:**

30 **(A) a Coverdell education savings account established**
 31 **under 26 U.S.C. 530 for the benefit of the eligible student;**
 32 **or**

33 **(B) an ABLE account (as defined in IC 12-11-14-1)**
 34 **established for the benefit of the eligible student.**

35 **(10) Subject to IC 20-52-3-7, fees for transportation paid to a**
 36 **fee-for-service transportation provider for the eligible student**
 37 **to travel to and from an approved service provider.**

38 **(11) Fees for the management of the account and the**
 39 **administration of the program as described in IC 20-52-4-3**
 40 **and IC 20-52-4-4.**

41 **Sec. 10. (a) "Qualified special services" means educational**
 42 **services and therapies chosen by parents for a student with a**



1 disability (as defined in IC 20-35-1-8) provided by a person
2 licensed to practice medicine or therapy in Indiana.

3 (b) The term includes occupational, behavioral, physical, and
4 speech-language therapies.

5 **Chapter 3. Establishment of the Education Options Account**
6 **Program**

7 **Sec. 1. The education options account program is established.**

8 **Sec. 2. The treasurer of state shall administer the program.**

9 **Sec. 3. A parent shall qualify for the establishment of an**
10 **education options account for the parent's eligible student under**
11 **this article if the parent:**

12 (1) applies for an education options account on a form
13 supplied by the treasurer of state; and

14 (2) signs an agreement:

15 (A) to provide, at a minimum, an education for the eligible
16 student in at least the subjects of reading, grammar,
17 mathematics, social studies, and science;

18 (B) to use the funds in the account only for qualified
19 expenses;

20 (C) to comply with the rules and requirements of the
21 program;

22 (D) not to enroll the eligible student in a school corporation
23 or charter school as an eligible pupil for purposes of
24 IC 20-43-4 for the same school year for which the eligible
25 student would receive a grant under this article; and

26 (E) not to enroll in the choice scholarship program under
27 IC 20-51-4 for the same school year for which the eligible
28 student would receive a grant under this article.

29 **Sec. 4. (a) If an eligible student is eligible to receive a grant**
30 **award under this article, the treasurer of state shall establish an**
31 **account for the eligible student.**

32 (b) Subject to subsection (d), the department shall transfer
33 funds in the amount of the grant determined under subsection (c)
34 to the treasurer of state for deposit in an account of the eligible
35 student established by the treasurer of state under subsection (a).

36 (c) The amount of the grant that the department must transfer
37 to the treasurer of state under subsection (b) is equal to the sum of
38 the following:

39 (1) The amount determined in the last STEP of the following
40 formula:

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



1 **STEP TWO: Determine the amount of state tuition**
 2 **support that the school corporation identified under STEP**
 3 **ONE is eligible to receive under IC 20-43 for the state**
 4 **fiscal year in which the current school year begins,**
 5 **excluding amounts provided for special education grants**
 6 **under IC 20-43-7.**

7 **STEP THREE: Determine the result of:**

8 **(A) the STEP TWO amount; divided by**

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

12 **(2) If the eligible student chooses not to receive special**
 13 **education or related services from a school corporation**
 14 **required to provide the services to the eligible student under**
 15 **511 IAC 7-34-1, the amount the school corporation would**
 16 **receive under IC 20-43-7 for the eligible student if the eligible**
 17 **student attended the school corporation.**

18 **(3) The result of:**

19 **(A) the total property taxes collected by the school**
 20 **corporation in the immediately preceding state fiscal year:**

21 **(i) that are deposited in the school corporation's**
 22 **operations fund (IC 20-40-18); and**

23 **(ii) from referenda approved after June 30, 2020, by the**
 24 **voters of a school corporation, that are deposited in the**
 25 **school corporation's operating referendum tax levy fund**
 26 **(IC 20-40-3); divided by**

27 **(B) the school corporation's current ADM (as defined in**
 28 **IC 20-43-1-10).**

29 **(d) The department shall transfer grant funds to the treasurer**
 30 **of state as described in subsection (b) at least quarterly.**

31 **Sec. 5. (a) If an eligible student who:**

32 **(1) enrolls in the program; and**

33 **(2) is eligible to receive special education funds under**
 34 **IC 20-43-7;**

35 **chooses to receive special education or related services from a**
 36 **school corporation required to provide special education or related**
 37 **services to the eligible student under 511 IAC 7-34-1, the special**
 38 **education funds under IC 20-43-7 for that student will be made**
 39 **available to the school corporation where the student receives**
 40 **special education or related services.**

41 **(b) Notwithstanding 511 IAC 7-34-1(d)(4), a public school or**
 42 **charter school is not required to make available special education**



1 and related services to an eligible student if the eligible student
 2 receives grant funds under this article and chooses not to receive
 3 special education or related services from a school corporation.
 4 This subsection may not be construed as a restriction or limitation
 5 on any of the rights, benefits, and protections granted to an
 6 individual under the federal Individuals with Disabilities
 7 Education Improvement Act of 2004 (20 U.S.C. 1400 et seq.).

8 (c) A school corporation may not include an eligible student who
 9 receives an amount under section 4(c)(2) of this chapter in the
 10 school corporation's count under IC 20-43-7.

11 Sec. 6. The treasurer of state shall quarterly deposit the amount
 12 of the grant received by the treasurer of state from the department
 13 under section 4 of this chapter (minus any amount deducted for
 14 managing the accounts and administering the program as provided
 15 under IC 20-52-4-3) into the eligible student's account.

16 Sec. 7. A parent of an eligible student may use not more than
 17 seven hundred fifty dollars (\$750) of the grant funds received
 18 under this chapter each school year for fees for transportation paid
 19 to a fee-for-service transportation provider for the eligible student
 20 to travel to and from an approved service provider.

21 Sec. 8. Upon entering into or renewing an agreement under this
 22 chapter, the treasurer of state shall provide to the parent of an
 23 eligible student a written explanation of the following:

- 24 (1) The authorized uses of money in the account.
- 25 (2) The responsibilities of the parent and the responsibilities
 26 of the treasurer of state regarding an account established
 27 under this article.

28 Sec. 9. (a) An agreement entered into under section 3 of this
 29 chapter:

- 30 (1) is valid for one (1) school year while the eligible student is
 31 in kindergarten through grade 12;
- 32 (2) may be renewed annually; and
- 33 (3) terminates if the eligible student:
 34 (A) no longer resides in Indiana while eligible to receive
 35 grant funds under this article; or
 36 (B) enrolls full time in a public school or charter school.

37 (b) The money in an eligible student's account at the end of the
 38 school year remains in the account.

39 (c) An agreement entered into under section 3 of this chapter
 40 may be terminated before the end of the school year if the parent
 41 of the eligible student notifies the treasurer of state in a manner
 42 specified by the treasurer of state.



1 (d) If an account terminates under this section, any amount of
 2 grant funds deposited under this article remaining in the eligible
 3 student's account reverts to the state general fund.

4 Sec. 10. An individual is no longer eligible to receive a grant
 5 award under this article if the eligible student:

- 6 (1) graduates from high school;
 7 (2) receives a high school equivalency diploma; or
 8 (3) is no longer an eligible student as defined under this
 9 article.

10 Sec. 11. (a) An eligible student who is no longer eligible to
 11 receive a grant award due to graduating under or receipt of a high
 12 school equivalency diploma as described in section 10(1) or 10(2)
 13 of this chapter and has grant funds remaining in the individual's
 14 account may elect to keep the account open and used only for
 15 qualified expenses until whichever of the following occurs first:

- 16 (1) The money in the account is depleted.
 17 (2) The account is terminated.
 18 (3) Five (5) years after the date the individual graduates or
 19 receives a high school equivalency diploma.

20 (b) If the parent of a former eligible student or an individual
 21 who is a former eligible student elects to keep the account open, the
 22 parent or individual shall annually renew the account by signing
 23 an agreement under section 3 of this chapter.

24 Sec. 12. This article does not prohibit a parent of an eligible
 25 student from making a payment for any qualified expense from a
 26 source other than the eligible student's account.

27 Sec. 13. The parent of an eligible student is responsible for the
 28 payment of any education or related services or expenses, including
 29 tuition and fees for qualified expenses, that is not paid from the
 30 eligible student's account.

31 Sec. 14. Deposits of grant funds under this article may not be
 32 treated as income or as a resource for purposes of qualifying for
 33 any other federal or state grant or program administered by the
 34 state or a political subdivision.

35 Sec. 15. The treasurer of state shall create an Internet web site
 36 portal that allows:

- 37 (1) parents to submit an application described in section 3 of
 38 this chapter;
 39 (2) a nonpublic school and a service provider to submit the
 40 intent of the nonpublic school or service provider to
 41 participate in the program;
 42 (3) parents to identify and select eligible schools and service



1 providers participating in the program;

2 (4) parents and service providers to initiate payment pursuant
3 to section 16 of this chapter;

4 (5) parents to rate the parent's experience with a service
5 provider and the ability for other parents of eligible students
6 to see the rating; and

7 (6) the treasurer of state to administer the program in
8 innovative and parent friendly ways.

9 Sec. 16. (a) The treasurer of state shall develop a system for a
10 parent of an eligible student to direct grant funds to an approved
11 service provider of the parent's choice.

12 (b) The system must be integrated within the Internet web site
13 portal created under section 15 of this chapter.

14 (c) The system must allow parents to pay an approved service
15 provider by electronic funds transfer or automated clearinghouse
16 transfer.

17 (d) The system must be commercially viable, cost effective, and
18 parent friendly.

19 (e) The treasurer of state shall not adopt a system that relies
20 solely on reimbursements for purchases made by parents. The
21 system may allow for the determination of qualified expenses that
22 require reimbursement or preapproval for purchase.

23 Sec. 17. Information concerning eligible students who
24 participate in the program is confidential.

25 Sec. 18. The treasurer of state:

26 (1) shall adopt rules under IC 4-22-2 necessary to administer
27 this article; and

28 (2) may adopt emergency rules in the manner provided under
29 IC 4-22-2-37.1 to implement this article.

30 Chapter 4. The Education Options Account Fund and Accounts

31 Sec. 1. (a) The education options account fund is established.
32 The purpose of the fund is to provide education options for
33 students in Indiana. The fund shall be administered by the
34 treasurer of state.

35 (b) The fund consists of the following:

36 (1) Appropriations by the general assembly.

37 (2) Amounts transferred to the treasurer of state from the
38 department under IC 20-51-3-4.

39 (3) Gifts, grants, and donations to the fund.

40 (4) Interest and other earnings derived from investment of
41 money in the fund.

42 (c) The treasurer of state shall establish an account within the



1 fund for each eligible student as provided under IC 20-52-3-4. For
 2 purposes of record keeping, the treasurer of state may establish
 3 notional accounts that allow funds to be directed from the fund to
 4 the service provider of the parent of the eligible student's choice.

5 (d) Subject to section 3 of this chapter, the expenses of
 6 administering the fund may be paid from money in the fund.

7 (e) Except as provided in subsection (f), money in the fund at the
 8 end of the state fiscal year does not revert to the state general fund.

9 (f) Any money that remains in an eligible student's account
 10 established under subsection (c) upon termination of a parent
 11 agreement reverts to the state general fund.

12 (g) Money in the fund is continuously appropriated for the
 13 purpose of this article.

14 **Sec. 2.** The treasurer of state may contract with a financial
 15 institution to administer and manage, with supervision of the
 16 treasurer of state, the accounts.

17 **Sec. 3.** The treasurer of state may deduct an amount of not more
 18 than three percent (3%) from each quarterly distribution to
 19 accounts under this article to cover the costs of managing the
 20 accounts and administering the program.

21 **Sec. 4.** The treasurer of state may approve, based on market
 22 rates, reasonable fees that a financial institution that manages the
 23 accounts may charge.

24 **Chapter 5. Approval of Service Providers**

25 **Sec. 1.** It is the intent of the general assembly to honor the
 26 autonomy of service providers, including eligible schools, that
 27 choose and are authorized to become approved service providers
 28 under this article. An approved service provider is not an agent of
 29 the state or federal government and therefore:

30 (1) the treasurer of state, state board, department, or any
 31 other state agency may not in any way regulate the
 32 educational program of an approved service provider that
 33 accepts money from an account under this article, including
 34 the regulation of curriculum content, religious instruction or
 35 activities, classroom teaching, teacher and staff hiring
 36 requirements, and other activities carried out by the approved
 37 service provider;

38 (2) the creation of the program does not expand the
 39 regulatory authority of the state or the state's officers to
 40 impose additional regulation of approved service providers
 41 beyond those necessary to enforce the requirements of the
 42 program; and



- 1 (3) an approved service provider may provide for the
2 educational needs of students without government control.
- 3 **Sec. 2.** A person may apply to be approved to receive payment
4 for services provided to an eligible student from grant funds
5 awarded to the eligible student under this article. The person may
6 apply for approval through the Internet web site portal established
7 under IC 20-52-3-15.
- 8 **Sec. 3.** The state board shall establish standards that a person
9 must meet to receive approval by the treasurer of state under this
10 chapter, including the information that person is required to
11 provide as criteria for approval.
- 12 **Sec. 4. (a)** The treasurer of state shall, not later than sixty (60)
13 days after the treasurer of state receives a person's application for
14 approval, notify the person as to whether the person's application
15 has been approved or denied.
- 16 **(b)** If the treasurer of state denies a person's application, the
17 treasurer of state shall, at the time the treasurer of state notifies
18 the person of the denial, notify the person that the person may
19 appeal the decision to the parent review committee established by
20 section 10 of this chapter.
- 21 **Sec. 5. (a)** If a person meets the standards established under
22 section 3 of this chapter, the treasurer of state shall approve the
23 person for eligibility to receive payments for education or related
24 services from grant funds distributed to an eligible student's
25 account under this article.
- 26 **(b)** If the treasurer of state denies approval to a person under
27 this chapter, the person may appeal the decision to the parent
28 review committee established by section 10 of this chapter.
- 29 **Sec. 6.** The treasurer of state shall:
- 30 (1) maintain a list, with names and contact information, of
31 persons that have been approved under this chapter; and
32 (2) post the list on the treasurer of state's Internet web site
33 portal established under IC 20-52-3-15.
- 34 **Sec. 7.** An approved service provider:
- 35 (1) may not charge an eligible student participating in the
36 program an amount greater than a similarly situated student
37 who is receiving the same or similar services; and
38 (2) shall provide a receipt to a parent of an eligible student for
39 each qualified expense provided to the eligible student.
- 40 **Sec. 8.** An approved service provider may not:
- 41 (1) refund any part of the payment to the parent of an eligible
42 student unless the refund is for an item that has been returned



1 to the place of original purchase; or
 2 (2) rebate or otherwise share any part of the payment with the
 3 parent of the eligible student who made the payment.

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

10 (1) failed to provide any education or related service that is a
 11 qualified expense to an eligible student receiving education or
 12 related services from the approved service provider; or

13 (2) routinely failed to meet the requirements of an approved
 14 service provider under the program.

15 (b) If the treasurer of state revokes an approved service
 16 provider's approval status, the treasurer of state shall, not later
 17 than thirty (30) days after the date of the revocation, provide notice
 18 of the revocation to each parent of an eligible student who paid the
 19 approved service provider for qualified expenses from the eligible
 20 student's account.

21 (c) A person that:

22 (1) provides education or related services; and

23 (2) has had the person's approval revoked under this chapter;
 24 may apply for approval under this chapter not earlier than two (2)
 25 years after the date of the revocation. The treasurer of state may
 26 establish requirements that the person must meet before being
 27 reapproved by the treasurer of state under this chapter.

28 **Sec. 10. (a)** The parent review committee is established. The
 29 committee consists of ten (10) members. The members of the
 30 committee include:

31 (1) the treasurer of state or the treasurer of state's designee;
 32 and

33 (2) one (1) individual from each of Indiana's nine (9)
 34 congressional districts who is a parent of an eligible student
 35 and participating in the program.

36 (b) Members of the committee under subsection (a)(2) shall be
 37 appointed by the treasurer of state.

38 (c) Members of the committee appointed under subsection (a)(2)
 39 shall serve at the pleasure of the treasurer of state.

40 (d) Members of the committee appointed under subsection (a)(2)
 41 serve for one (1) year terms and may be reappointed.

42 (e) The treasurer of state or the treasurer of state's designee



1 serves as the chair of the committee.

2 (f) Members of the committee may not receive a salary per diem
3 and are not entitled to any reimbursement for mileage or any other
4 expenses incurred by a member in participating in the committee.

5 (g) The committee shall establish procedures to govern an
6 appeal by a person under section 5(b) of this chapter.

7 (h) The treasurer of state may request that the committee
8 determine whether an expenditure of grant funds from an account
9 qualifies as a qualified expense under this article.

10 (i) The treasurer of state may request the committee to review
11 appeals of service provider application denials.

12 Sec. 11. The state board shall adopt rules under IC 4-22-2 to
13 implement this chapter.

14 Chapter 6. Audits and Enforcing Compliance

15 Sec. 1. (a) The treasurer of state shall randomly audit or have
16 audited a sufficient number of accounts annually as needed to
17 ensure compliance with applicable law and the requirements of this
18 article.

19 (b) The treasurer of state may retain an independent public
20 accounting firm to annually audit accounts as provided under
21 subsection (a).

22 Sec. 2. The treasurer of state may freeze an eligible student's
23 account established under this article for:

- 24 (1) a violation of this article or law applicable to this article;
25 (2) a failure to comply with the requirements of the program;
26 or
27 (3) the misuse of funds in the account;

28 by a parent of an eligible student.

29 Sec. 3. The treasurer of state shall provide written notice to the
30 parent of the eligible student that includes all the following:

- 31 (1) A statement that the:
32 (A) eligible student's account has been frozen; and
33 (B) parent of the eligible student may not access or use the
34 funds in the account.
35 (2) The reasons the account has been frozen.
36 (3) A statement that the parent of the eligible student has
37 thirty (30) days to petition the treasurer of state to request
38 that the treasurer of state reinstate the account.

39 Sec. 4. (a) If the treasurer of state does not receive a petition
40 from a parent of an eligible student within the time established in
41 section 3(3) of this chapter, the treasurer of state may:

- 42 (1) suspend the account for a specific period; or



- 1 **(2) permanently close the account.**
 2 **If the treasurer of state permanently closes the account, any grant**
 3 **funds remaining in the account revert to the state general fund.**
 4 **(b) If an account is permanently closed under subsection (a), the**
 5 **eligible student is no longer eligible to participate in the program.**
 6 **Sec. 5. (a) If the treasurer of state receives a petition from a**
 7 **parent of an eligible student within the thirty (30) days described**
 8 **in section 3(3) of this chapter, the treasurer of state shall:**
 9 **(1) hold a hearing not later than thirty (30) days after the date**
 10 **the treasurer of state receives the petition;**
 11 **(2) notify the parent of the eligible student of the time and**
 12 **place of the hearing; and**
 13 **(3) conduct the hearing and proceedings in accordance with**
 14 **IC 4-21.5.**
 15 **(b) Not later than thirty (30) days after the hearing, the**
 16 **treasurer of state shall:**
 17 **(1) issue a decision ordering:**
 18 **(A) permanent closure of the account and any grant funds**
 19 **be reverted to the state general fund;**
 20 **(B) corrective action required to be taken by the parent of**
 21 **the eligible student for reinstatement of the account; or**
 22 **(C) full reinstatement of the account; and**
 23 **(2) furnish the written decision, including the reasons for the**
 24 **decision, to the parent of the eligible student.**
 25 **(c) A parent of an eligible student may appeal the treasurer of**
 26 **state's decision under this section.**
 27 **Sec. 6. If the treasurer of state orders an eligible student's**
 28 **account to be permanently closed, any funds in the account that are**
 29 **not grant funds deposited into the account by the treasurer of state**
 30 **under this article must be returned to a parent of the eligible**
 31 **student.**
 32 **Sec. 7. The treasurer of state may send notice to the attorney**
 33 **general or the prosecuting attorney in the county in which the**
 34 **parent of the eligible student resides if the treasurer of state**
 35 **believes a crime has been committed.**
 36 **Chapter 7. Annual Survey**
 37 **Sec. 1. The treasurer of state shall annually request that a**
 38 **parent of an eligible student who is participating in the program**
 39 **complete a written survey that solicits the parent's:**
 40 **(1) overall satisfaction with the program; and**
 41 **(2) opinion on specific topics and issues relevant to the**
 42 **effectiveness of the program.**



1 **Sec. 2. Not later than November 1, 2023, and each November 1**
2 **thereafter, the treasurer of state shall annually provide a summary**
3 **of the survey administered under section 1 of this chapter to the:**
4 **(1) governor; and**
5 **(2) legislative council in an electronic format under IC 5-14-6.**
6 **SECTION 7. [EFFECTIVE JULY 1, 2020] (a) The legislative**
7 **services agency shall prepare legislation for introduction in the**
8 **2021 regular session of the general assembly to organize and**
9 **correct statutes relating to the repeal of statutes and collection and**
10 **distribution of funds affected by this act on July 1, 2021.**
11 **(b) This SECTION expires July 1, 2022.**

