

HOUSE BILL No. 1252

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 20-52.

Synopsis: Education enrichment accounts. Defines an "enrichment student" as an individual who: (1) has legal settlement in Indiana; (2) was a student in grades 3 through 8 during the 2021-2022 school year; and (3) scored either "below proficiency" or "approaching proficiency" on the statewide assessment Indiana Learning Evaluation Readiness Network (ILEARN) program, administered during the 2021-2022 school year. Establishes the Indiana student enrichment grant program (program). Provides that an enrichment student is eligible to establish an Indiana enrichment scholarship account. Provides that an enrichment student may receive \$1,000 to be used for certain qualified expenses. Establishes the student enrichment grant fund. Provides that the department of education shall administer the program and student enrichment grant fund.

Effective: Upon passage.

Behning

January 6, 2022, read first time and referred to Committee on Education.



Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

HOUSE BILL No. 1252

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.159-2021,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 3.5. When used in this article, the term
4 "adjusted 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).



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



Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(9) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), and (5) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse if the taxpayer and the taxpayer's spouse file a joint income tax return or the taxpayer is otherwise entitled to a deduction under this subdivision for the taxpayer's spouse, or both.

(13) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars (\$2,500), or one thousand two hundred fifty dollars (\$1,250) in the case of a married individual filing a separate return; or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

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



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

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

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

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

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

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

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

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

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

(19) Subtract income that is:

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

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

(20) Add an amount equal to any income not included in gross 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) For taxable years beginning after December 31, 2019, and
40 before January 1, 2021, add an amount of the deduction claimed
41 under Section 62(a)(22) of the Internal Revenue Code.

42 (27) For taxable years beginning after December 31, 2019, for



1 payments made by an employer under an education assistance
2 program after March 27, 2020:

3 (A) add the amount of payments by an employer that are
4 excluded from the taxpayer's federal gross income under
5 Section 127(c)(1)(B) of the Internal Revenue Code; and

6 (B) deduct the interest allowable under Section 221 of the
7 Internal Revenue Code, if the disallowance under Section
8 221(e)(1) of the Internal Revenue Code did not apply to the
9 payments described in clause (A). For purposes of applying
10 Section 221(b) of the Internal Revenue Code to the amount
11 allowable under this clause, the amount under clause (A) shall
12 not be added to adjusted gross income.

13 (28) Add an amount equal to the remainder of:

14 (A) the amount allowable as a deduction under Section 274(n)
15 of the Internal Revenue Code; minus

16 (B) the amount otherwise allowable as a deduction under
17 Section 274(n) of the Internal Revenue Code, if Section
18 274(n)(2)(D) of the Internal Revenue Code was not in effect
19 for amounts paid or incurred after December 31, 2020.

20 (29) For taxable years beginning after December 31, 2017, and
21 before January 1, 2021, add an amount equal to the excess
22 business loss of the taxpayer as defined in Section 461(l)(3) of the
23 Internal Revenue Code. In addition:

24 (A) If a taxpayer has an excess business loss under this
25 subdivision and also has modifications under subdivisions (15)
26 and (17) for property placed in service during the taxable year,
27 the taxpayer shall treat a portion of the taxable year
28 modifications for that property as occurring in the taxable year
29 the property is placed in service and a portion of the
30 modifications as occurring in the immediately following
31 taxable year.

32 (B) The portion of the modifications under subdivisions (15)
33 and (17) for property placed in service during the taxable year
34 treated as occurring in the taxable year in which the property
35 is placed in service equals:

36 (i) the modification for the property otherwise determined
37 under this section; minus

38 (ii) the excess business loss disallowed under this
39 subdivision;

40 but not less than zero (0).

41 (C) The portion of the modifications under subdivisions (15)
42 and (17) for property placed in service during the taxable year



1 treated as occurring in the taxable year immediately following
 2 the taxable year in which the property is placed in service
 3 equals the modification for the property otherwise determined
 4 under this section minus the amount in clause (B).

5 (D) Any reallocation of modifications between taxable years
 6 under clauses (B) and (C) shall be first allocated to the
 7 modification under subdivision (15), then to the modification
 8 under subdivision (17).

9 (30) Add an amount equal to the amount excluded from federal
 10 gross income under Section 108(f)(5) of the Internal Revenue
 11 Code. For purposes of this subdivision, if an amount excluded
 12 under Section 108(f)(5) of the Internal Revenue Code would be
 13 excludible under Section 108(a)(1)(B) of the Internal Revenue
 14 Code, the exclusion under Section 108(a)(1)(B) of the Internal
 15 Revenue Code shall take precedence.

16 (31) For taxable years ending after March 12, 2020, subtract an
 17 amount equal to the deduction disallowed pursuant to:

18 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
 19 as modified by Sections 206 and 207 of the Taxpayer Certainty
 20 and Disaster Relief Tax Act (Division EE of Public Law
 21 116-260); and

22 (B) Section 3134(e) of the Internal Revenue Code.

23 (32) Subtract the amount of an annual grant amount distributed to
 24 a taxpayer's Indiana education scholarship account under
 25 IC 20-51.4-4-2, **or to an Indiana enrichment scholarship**
 26 **account under IC 20-52** that is used for a qualified expense (as
 27 defined in IC 20-51.4-2-9), to the extent the distribution used for
 28 the qualified expense is included in the taxpayer's federal adjusted
 29 gross income under the Internal Revenue Code.

30 (33) For taxable years beginning after December 31, 2019, and
 31 before January 1, 2021, add an amount equal to the amount of
 32 unemployment compensation excluded from federal gross income
 33 under Section 85(c) of the Internal Revenue Code.

34 (34) Subtract any other amounts the taxpayer is entitled to deduct
 35 under IC 6-3-2.

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

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

41 (2) Add an amount equal to any deduction or deductions allowed
 42 or allowable pursuant to Section 170 of the Internal Revenue



Code (concerning charitable contributions).

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

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

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

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

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

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

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

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

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

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the



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



2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

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

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

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

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

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

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

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

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



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

(17) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(18) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

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

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

(4) For taxable years beginning after December 31, 2021, and



1 before January 1, 2023, a taxpayer is required to add back under
 2 this section fifty percent (50%) of any deduction allowed on the
 3 taxpayer's federal income tax return for wagering taxes.

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

9 (6) For taxable years beginning after December 31, 2023, and
 10 before January 1, 2025, a taxpayer is required to add back under
 11 this section twenty-five percent (25%) of any deduction allowed
 12 on the taxpayer's federal income tax return for wagering taxes.

13 (7) For taxable years beginning after December 31, 2024, and
 14 before January 1, 2026, a taxpayer is required to add back under
 15 this section twelve and five-tenths percent (12.5%) of any
 16 deduction allowed on the taxpayer's federal income tax return for
 17 wagering taxes.

18 (8) For taxable years beginning after December 31, 2025, a
 19 taxpayer is not required to add back under this section any amount
 20 of a deduction allowed on the taxpayer's federal income tax return
 21 for wagering taxes.

22 (d) In the case of life insurance companies (as defined in Section
 23 816(a) of the Internal Revenue Code) that are organized under Indiana
 24 law, the same as "life insurance company taxable income" (as defined
 25 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

38 (5) Add or subtract the amount necessary to make the adjusted
 39 gross income of any taxpayer that owns property for which bonus
 40 depreciation was allowed in the current taxable year or in an
 41 earlier taxable year equal to the amount of adjusted gross income
 42 that would have been computed had an election not been made



under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

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

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

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

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

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

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

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

(8) Subtract income that is:

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

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

(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after



- 1 December 31, 2008, and before January 1, 2011, of an applicable
- 2 debt instrument, as provided in Section 108(i) of the Internal
- 3 Revenue Code. Subtract from the adjusted gross income of any
- 4 taxpayer that added an amount to adjusted gross income in a
- 5 previous year the amount necessary to offset the amount included
- 6 in federal gross income as a result of the deferral of income
- 7 arising from business indebtedness discharged in connection with
- 8 the reacquisition after December 31, 2008, and before January 1,
- 9 2011, of an applicable debt instrument, as provided in Section
- 10 108(i) of the Internal Revenue Code.
- 11 (10) Add an amount equal to any exempt insurance income under
- 12 Section 953(e) of the Internal Revenue Code that is active
- 13 financing income under Subpart F of Subtitle A, Chapter 1,
- 14 Subchapter N of the Internal Revenue Code.
- 15 (11) 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 (12) For taxable years beginning after December 25, 2016, add:
- 21 (A) an amount equal to the amount reported by the taxpayer on
- 22 IRC 965 Transition Tax Statement, line 1; or
- 23 (B) if the taxpayer deducted an amount under Section 965(c)
- 24 of the Internal Revenue Code in determining the taxpayer's
- 25 taxable income for purposes of the federal income tax, the
- 26 amount deducted under Section 965(c) of the Internal Revenue
- 27 Code.
- 28 (13) Add an amount equal to the deduction that was claimed by
- 29 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
- 30 Internal Revenue Code (attributable to global intangible
- 31 low-taxed income). The taxpayer shall separately specify the
- 32 amount of the reduction under Section 250(a)(1)(B)(i) of the
- 33 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
- 34 Internal Revenue Code.
- 35 (14) Subtract any interest expense paid or accrued in the current
- 36 taxable year but not deducted as a result of the limitation imposed
- 37 under Section 163(j)(1) of the Internal Revenue Code. Add any
- 38 interest expense paid or accrued in a previous taxable year but
- 39 allowed as a deduction under Section 163 of the Internal Revenue
- 40 Code in the current taxable year. For purposes of this subdivision,
- 41 an interest expense is considered paid or accrued only in the first
- 42 taxable year the deduction would have been allowable under



Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

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

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

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

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

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

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

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

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

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

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus



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

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

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

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

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

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

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

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

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

38 (8) Subtract income that is:

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

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



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

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

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

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

- (A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or
- (B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code.

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

(14) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue



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

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

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

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

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(f) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

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

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made



under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

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

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

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

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

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

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

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

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

(6) Subtract income that is:

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

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(7) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after



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

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

(9) For taxable years beginning after December 25, 2016, add an amount equal to:

(A) the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1;

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

(C) with regard to any amounts of income under Section 965 of the Internal Revenue Code distributed by the taxpayer, the deduction under Section 965(c) of the Internal Revenue Code attributable to such distributed amounts and not reported to the beneficiary.

For purposes of this article, the amount required to be added back under clause (B) is not considered to be distributed or distributable to a beneficiary of the estate or trust for purposes of Sections 651 and 661 of the Internal Revenue Code.

(10) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under



1 Section 163(j)(1) of the Internal Revenue Code did not exist.

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

5 (12) 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 (13) Add an amount equal to the remainder of:

10 (A) the amount allowable as a deduction under Section 274(n)
11 of the Internal Revenue Code; minus

12 (B) the amount otherwise allowable as a deduction under
13 Section 274(n) of the Internal Revenue Code, if Section
14 274(n)(2)(D) of the Internal Revenue Code was not in effect
15 for amounts paid or incurred after December 31, 2020.

16 (14) For taxable years beginning after December 31, 2017, and
17 before January 1, 2021, add an amount equal to the excess
18 business loss of the taxpayer as defined in Section 461(l)(3) of the
19 Internal Revenue Code. In addition:

20 (A) If a taxpayer has an excess business loss under this
21 subdivision and also has modifications under subdivisions (3)
22 and (5) for property placed in service during the taxable year,
23 the taxpayer shall treat a portion of the taxable year
24 modifications for that property as occurring in the taxable year
25 the property is placed in service and a portion of the
26 modifications as occurring in the immediately following
27 taxable year.

28 (B) The portion of the modifications under subdivisions (3)
29 and (5) for property placed in service during the taxable year
30 treated as occurring in the taxable year in which the property
31 is placed in service equals:

32 (i) the modification for the property otherwise determined
33 under this section; minus

34 (ii) the excess business loss disallowed under this
35 subdivision;

36 but not less than zero (0).

37 (C) The portion of the modifications under subdivisions (3)
38 and (5) for property placed in service during the taxable year
39 treated as occurring in the taxable year immediately following
40 the taxable year in which the property is placed in service
41 equals the modification for the property otherwise determined
42 under this section minus the amount in clause (B).



- 1 (D) Any reallocation of modifications between taxable years
- 2 under clauses (B) and (C) shall be first allocated to the
- 3 modification under subdivision (3), then to the modification
- 4 under subdivision (5).
- 5 (15) For taxable years ending after March 12, 2020, subtract an
- 6 amount equal to the deduction disallowed pursuant to:
- 7 (A) Section 2301(e) of the CARES Act (Public Law 116-136),
- 8 as modified by Sections 206 and 207 of the Taxpayer Certainty
- 9 and Disaster Relief Tax Act (Division EE of Public Law
- 10 116-260); and
- 11 (B) Section 3134(e) of the Internal Revenue Code.
- 12 (16) Add or subtract any other amounts the taxpayer is:
- 13 (A) required to add or subtract; or
- 14 (B) entitled to deduct;
- 15 under IC 6-3-2.
- 16 (g) Subsections (a)(34), (b)(19), (d)(18), (e)(18), or (f)(16) may not
- 17 be construed to require an add back or allow a deduction or exemption
- 18 more than once for a particular add back, deduction, or exemption.
- 19 (h) For taxable years beginning after December 25, 2016, if:
- 20 (1) a taxpayer is a shareholder, either directly or indirectly, in a
- 21 corporation that is an E&P deficit foreign corporation as defined
- 22 in Section 965(b)(3)(B) of the Internal Revenue Code, and the
- 23 earnings and profit deficit, or a portion of the earnings and profit
- 24 deficit, of the E&P deficit foreign corporation is permitted to
- 25 reduce the federal adjusted gross income or federal taxable
- 26 income of the taxpayer, the deficit, or the portion of the deficit,
- 27 shall also reduce the amount taxable under this section to the
- 28 extent permitted under the Internal Revenue Code, however, in no
- 29 case shall this permit a reduction in the amount taxable under
- 30 Section 965 of the Internal Revenue Code for purposes of this
- 31 section to be less than zero (0); and
- 32 (2) the Internal Revenue Service issues guidance that such an
- 33 income or deduction is not reported directly on a federal tax
- 34 return or is to be reported in a manner different than specified in
- 35 this section, this section shall be construed as if federal adjusted
- 36 gross income or federal taxable income included the income or
- 37 deduction.
- 38 (i) If a partner is required to include an item of income, a deduction,
- 39 or another tax attribute in the partner's adjusted gross income tax return
- 40 pursuant to IC 6-3-4.5, such item shall be considered to be includible
- 41 in the partner's federal adjusted gross income or federal taxable
- 42 income, regardless of whether such item is actually required to be



1 reported by the partner for federal income tax purposes. For purposes
2 of this subsection:

- 3 (1) items for which a valid election is made under IC 6-3-4.5-6,
4 IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included
5 in the partner's adjusted gross income or taxable income; and
6 (2) items for which the partnership did not make an election under
7 IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the
8 partnership is required to remit tax pursuant to IC 6-3-4.5-18,
9 shall be included in the partner's adjusted gross income or taxable
10 income.

11 SECTION 2. IC 20-52 IS ADDED TO THE INDIANA CODE AS
12 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON
13 PASSAGE]:

14 **ARTICLE 52. STUDENT ENRICHMENT GRANTS**

15 **Chapter 1. Applicability**

16 **Sec. 1. This article applies after June 30, 2022.**

17 **Chapter 2. Definitions**

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

20 **Sec. 2. "Account" refers to an Indiana enrichment scholarship**
21 **account established by an enrichment student's parent under**
22 **IC 20-52-4-1.**

23 **Sec. 3. "Enrichment grant fund" refers to the Indiana**
24 **enrichment grant fund established by IC 20-52-4-3.**

25 **Sec. 4. "Enrichment student" refers to an individual who:**

- 26 (1) has legal settlement in Indiana;
27 (2) was a student in grades 3 through 8 during the 2021-2022
28 school year; and
29 (3) scored either:
30 (A) "below proficiency"; or
31 (B) "approaching proficiency";
32 on the ILEARN statewide assessment administered during the
33 2021-2022 school year.

34 **Sec. 5. "Participating entity" means any individual or entity**
35 **who provides a qualified expense who is approved by the**
36 **department under IC 20-52-5-1.**

37 **Sec. 6. "Program" refers to the Indiana student enrichment**
38 **grant program established by IC 20-52-3-1.**

39 **Sec. 7. "Qualified expenses" means enrichment materials,**
40 **activities, or programs approved by the department to improve**
41 **student proficiency in math or reading.**

42 **Chapter 3. Administration of the Indiana Student Enrichment**



Grant Program

Sec. 1. The Indiana student enrichment grant program is established to provide grants to a parent of an enrichment student under IC 20-52-4 after June 30, 2022.

Sec. 2. (a) The program shall be administered by the department.

(b) The department may contract with one (1) or more entities to maintain and manage accounts established under IC 20-52-4-1 after issuing a request for proposal under IC 5-22-9. Each entity shall:

(1) meet qualification requirements established by the department; and

(2) comply with generally accepted accounting principles.

(c) The department shall establish reasonable fees for entities described in subsection (b) participating in the program based upon market rates.

Sec. 3. For each school year, the department shall determine, based on the amount of funds available for the program, the number of grants that the department will award under the program. The number of applications approved and the number of grants awarded under this article by the department for the school year may not exceed the number determined by the department under this section.

Chapter 4. Enrichment Grant Fund and Enrichment Grant Accounts

Sec. 1. (a) After August 31, 2022, a parent of an enrichment student may establish an Indiana enrichment scholarship account for the eligible student by entering into a written agreement with the department on a form prepared by the department. The department may establish deadlines for the submission of applications. The account of an enrichment student shall be made in the name of the enrichment student. The department shall make the agreement available on the Internet web site of the department. To be eligible, a parent of an enrichment student wishing to participate in the program must agree that:

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

(2) money in the account when the account is terminated reverts to the enrichment grant fund; and

(3) the parent of the enrichment student will use money in the



1 account for the enrichment student's study in the subject of
2 reading or math.

3 (b) A parent of an enrichment student may enter into a separate
4 agreement under subsection (a) for each child of the parent.
5 However, not more than one (1) account may be established for
6 each enrichment student.

7 (c) An agreement entered into under this section for an
8 enrichment student terminates automatically for the enrichment
9 student if the enrichment student no longer resides in Indiana
10 while the enrichment student is eligible to receive grants under
11 section 2 of this chapter. If an account for an enrichment student
12 is terminated under this section, money in the enrichment student's
13 account, including any interest accrued, reverts to the enrichment
14 grant fund.

15 (d) An agreement made under this section for an enrichment
16 student may be terminated before the end of the school year if the
17 parent of the enrichment student notifies the department in a
18 manner specified by the department.

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

26 Sec. 2. (a) An enrichment student who currently maintains an
27 account is entitled to a one (1) time grant amount. The enrichment
28 grant amount shall be paid from the enrichment grant fund. The
29 department shall deposit the enrichment grant amount under this
30 section, as a one (1) time deposit, into an enrichment student's
31 account in a manner established by the department.

32 (b) Except as provided in subsection (c), at the end of the year
33 in which an account is established, the parent of an enrichment
34 student may roll over for use in a subsequent year the amount
35 available in the enrichment student's account.

36 (c) An enrichment student's account shall terminate the later of:

- 37 (1) August 1 in the calendar year a student receives a
38 "proficient" score on the ILEARN statewide assessment; or
39 (2) October 1, 2024.

40 Any money, including interest that remains in the enrichment
41 student's account when the account terminates under this
42 subsection, reverts to the enrichment grant fund.



1 **Sec. 3. (a) The Indiana enrichment grant fund is established for**
 2 **the purpose of providing grants to enrichment students under the**
 3 **program.**

4 **(b) The department shall administer the enrichment grant fund.**

5 **(c) The enrichment grant fund consists of the following:**

6 **(1) Money transferred to the fund by the department.**

7 **(2) Interest deposited in the fund under subsection (d).**

8 **(3) Donations, gifts, matching funds from school corporations**
 9 **or schools, and money received from any other source,**
 10 **including transfers from other funds or accounts.**

11 **(d) The treasurer of state shall invest money in the enrichment**
 12 **grant fund not currently needed to meet the obligations of the**
 13 **enrichment grant fund in the same manner as other public money**
 14 **may be invested. Interest that accrues from these investments shall**
 15 **be deposited in the enrichment grant fund.**

16 **(e) Money in the enrichment grant fund at the end of a state**
 17 **fiscal year shall not revert to the state general fund.**

18 **Sec. 4. (a) Subject to section 8 of this chapter, the one (1) time**
 19 **enrichment grant amount under section 2 of this chapter for an**
 20 **enrichment student equals the higher of:**

21 **(1) five hundred dollars (\$500); or**

22 **(2) if the school corporation or school provides a matching**
 23 **grant to the enrichment student under this section, one**
 24 **thousand dollars (\$1,000).**

25 **(b) A school corporation or a school may provide a matching**
 26 **grant of two hundred fifty dollars (\$250) to an enrichment student**
 27 **under this chapter.**

28 **Sec. 5. Upon entering into an agreement under this chapter, the**
 29 **department shall provide to the parent of an enrichment student a**
 30 **written explanation of the authorized uses of the money in the**
 31 **account and the responsibilities of the parent of an enrichment**
 32 **student and the department regarding an account established**
 33 **under section 1 of this chapter.**

34 **Sec. 6. This chapter does not prohibit a parent of an enrichment**
 35 **student from making a payment for any qualified expense from a**
 36 **source other than the enrichment student's account.**

37 **Sec. 7. A participating entity that receives a payment for a**
 38 **qualified expense may not refund any part of the payment directly**
 39 **to the parent of the enrichment student. Any refund provided by**
 40 **a participating entity shall be deposited into the enrichment**
 41 **student's account.**

42 **Sec. 8. (a) The department shall freeze the account established**



under section 1 of this chapter of any parent of an enrichment student who:

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

(b) The department shall send written notice to the parent of the enrichment student stating the reason for the freeze under subsection (a). The department may also send notice to the attorney general or the prosecuting attorney in the county in which the parent of the enrichment student resides if the department believes a crime has been committed or a civil action relating to the account is necessary.

(c) A parent of an enrichment student whose account has been frozen under subsection (a) may petition the department for redetermination of the decision under subsection (a) within thirty (30) days after the date the department sends notice to the parent of the enrichment student under subsection (b). The petition must contain a written explanation stating why the department was incorrect in freezing the account under subsection (a). If the department does not receive a timely submitted petition from a parent of an enrichment student under this subsection, the department shall terminate the account.

(d) The department shall review a petition received under subsection (c) within fifteen (15) business days of receipt of the petition and issue a redetermination letter to the parent of the enrichment student. If the department overturns the department's initial decision under subsection (a), the department shall immediately unfreeze the account. If the department affirms the decision under subsection (a), the department shall give notice of the affirmation to the parent of the enrichment student and terminate the account.

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

Chapter 5. Participating Entities

Sec. 1. (a) The following individuals or entities may become a participating entity by submitting an application to the department in a manner prescribed by the department:

- (1) An individual who or tutoring agency that provides



private tutoring.

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

(3) An individual who or entity that offers a course or program to an enrichment student.

(4) An individual or entity that provides or offers a qualified expense.

(b) The department may approve an application submitted under subsection (a) if the individual or entity meets the criteria to serve as a participating entity.

(c) Each participating entity that accepts payments made from an account under this article shall provide a receipt to the parent of an enrichment student for each payment made.

Sec. 2. (a) The department may refuse to allow a participating entity to continue participation in the program and revoke the participating entity's status as a participating entity if the department determines that the participating entity accepts payments made from an account under this article and:

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

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

(b) If the department revokes a participating entity's status as a participating entity in the program, the department shall provide notice of the revocation within thirty (30) days of the revocation to each parent of an enrichment student receiving instruction from the participating entity who has paid the participating entity from the enrichment student's account.

(c) The department may permit a former participating entity described in subsection (a) to reapply with the department for authorization to be a participating entity on a date established by the department, which may not be earlier than one (1) year after the date on which the former participating entity's status as a participating entity was revoked under subsection (a). The department may establish reasonable criteria or requirements that the former participating entity must meet before being reapproved by the department as a participating entity.



Sec. 3. An approved participating entity:

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

(2) shall provide a receipt to a parent of an enrichment student for each qualified expense charged for education or related services provided to the enrichment student.

Sec. 4. The department shall annually make available on the department's Internet web site a list of participating entities.

Chapter 6. Rulemaking

Sec. 1. The state board may adopt rules under IC 4-22-2, including emergency rules in the manner provided under IC 4-22-2-37.1, necessary to administer this article.

SECTION 3. An emergency is declared for this act.

