

# HOUSE BILL No. 1005

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## DIGEST OF INTRODUCED BILL

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

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

**Effective:** July 1, 2021.

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## Behning, Clere, Prescott

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

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

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2020 Regular Session of the General Assembly.

# HOUSE BILL No. 1005

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

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

1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.146-2020,  
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2021]: Sec. 3.5. When used in this article, the term "adjusted  
4 gross income" shall mean the following:

5 (a) In the case of all individuals, "adjusted gross income" (as  
6 defined in Section 62 of the Internal Revenue Code), modified as  
7 follows:

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

10 (2) Except as provided in subsection (c), add an amount equal to  
11 any deduction or deductions allowed or allowable pursuant to  
12 Section 62 of the Internal Revenue Code for taxes based on or  
13 measured by income and levied at the state level by any state of  
14 the United States.

15 (3) Subtract one thousand dollars (\$1,000), or in the case of a  
16 joint return filed by a husband and wife, subtract for each spouse  
17 one thousand dollars (\$1,000).



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



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



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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

38 (10) Subtract income that is:

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

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





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



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



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



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



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

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

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

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

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

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

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



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



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



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





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



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



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



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



- 1 (1) has legal settlement in Indiana;
- 2 (2) is at least five (5) years of age and less than twenty-two (22)
- 3 years of age on the date in the school year specified in
- 4 IC 20-33-2-7; ~~and~~
- 5 **(3) is a member of a household with an annual income of not**
- 6 **more than:**
  - 7 **(A) for a school year beginning after June 30, 2021, and**
  - 8 **before July 1, 2022, two hundred twenty-five percent**
  - 9 **(225%) of the amount required for the individual to**
  - 10 **qualify for the federal free or reduced price lunch**
  - 11 **program; or**
  - 12 **(B) for a school year beginning after June 30, 2022, three**
  - 13 **hundred percent (300%) of the amount required for the**
  - 14 **individual to qualify for the federal free or reduced price**
  - 15 **lunch program; and**
- 16 ~~(3)~~ **(4) meets at least one (1) of the following conditions:**
  - 17 (A) The individual is
    - 18 (i) a student with a disability who requires special education
    - 19 and for whom an individualized education program has been
    - 20 developed under IC 20-35 or a service plan developed under
    - 21 511 IAC 7-34. ~~and~~
    - 22 (ii) a member of a household with an annual income of not
    - 23 more than two hundred percent ~~(200%)~~ of the amount
    - 24 required for the individual to qualify for the federal free or
    - 25 reduced price lunch program.
  - 26 (B) The individual is
    - 27 (i) an individual who, because of the school corporation's
    - 28 residency requirement, would be required to attend a
    - 29 specific public school within a school corporation that has
    - 30 been placed in the lowest category or designation of school
    - 31 improvement under IC 20-31-8-4 (has been assigned an "F"
    - 32 grade). ~~and~~
    - 33 (ii) ~~except as provided in IC 20-51-4-2.5;~~ is a member of a
    - 34 household with an annual income of not more than one
    - 35 hundred fifty percent ~~(150%)~~ of the amount required for the
    - 36 individual to qualify for the federal free or reduced price
    - 37 lunch program.
- 38 An individual to whom this clause applies is not required to
- 39 attend the public school before becoming eligible for a choice
- 40 scholarship, and may not be required to return to the public
- 41 school if the public school is placed in a higher category or
- 42 designation under IC 20-31-8-4.



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



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

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

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

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

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

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

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

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

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

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



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

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

11 (1) The least of the following:

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

19 (B) An amount equal to

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

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

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





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

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

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

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

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

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



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

3 STEP THREE: Determine the result of:

4 (A) the STEP TWO amount; divided by

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

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

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

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

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

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

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

38 **Chapter 1. Applicability**

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

41 **Chapter 2. Definitions**

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



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



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



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

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

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

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

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

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

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

35           **Each entity shall:**

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

29               **(2) the account is not renewed within one (1) year after the**  
30               **date the account was either established or last renewed.**

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

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

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





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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

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

8 (3) substantially misuses funds in the account.

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

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

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

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



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

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

10 **Chapter 5. Participating Entities**

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

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

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

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

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

35 (1) A qualified school.

36 (2) An approved postsecondary educational institution.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

