

SENATE BILL No. 412

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-3.5; IC 20-43-2; IC 20-51-4-2; IC 20-51.5.

Synopsis: Indiana personalized education grant program. Establishes the Indiana personalized education grant 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; or (2) 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 and department of education shall jointly 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.

Effective: July 1, 2021.

Buchanan, Bassler, Brown L, Zay

January 25, 2021, read first time and referred to Committee on Education and Career Development.



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.

SENATE BILL No. 412

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 personalized education**



1 **grant program under IC 20-51.5-4-2 that is used for a**
2 **qualified expense (as defined in IC 20-51.5-2-9), to the extent**
3 **the distribution used for the qualified expense is included in**
4 **the taxpayer's adjusted federal gross income under the**
5 **Internal Revenue Code.**

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

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

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

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

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

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

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

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

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



1 deductions under Section 179 of the Internal Revenue Code
 2 were not elected as provided in clause (B); and

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

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

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

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

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

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

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

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

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

39 (10) Subtract income that is:

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

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



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



- 1 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 2 Internal Revenue Code.
- 3 (15) Subtract any interest expense paid or accrued in the current
 4 taxable year but not deducted as a result of the limitation imposed
 5 under Section 163(j)(1) of the Internal Revenue Code. Add any
 6 interest expense paid or accrued in a previous taxable year but
 7 allowed as a deduction under Section 163 of the Internal Revenue
 8 Code in the current taxable year. For purposes of this subdivision,
 9 an interest expense is considered paid or accrued only in the first
 10 taxable year the deduction would have been allowable under
 11 Section 163 of the Internal Revenue Code if the limitation under
 12 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 13 (16) Subtract the amount that would have been excluded from
 14 gross income but for the enactment of Section 118(b)(2) of the
 15 Internal Revenue Code for taxable years ending after December
 16 22, 2017.
- 17 (17) Add or subtract any other amounts the taxpayer is:
 18 (A) required to add or subtract; or
 19 (B) entitled to deduct;
 20 under IC 6-3-2.
- 21 (c) The following apply to taxable years beginning after December
 22 31, 2018, for purposes of the add back of any deduction allowed on the
 23 taxpayer's federal income tax return for wagering taxes, as provided in
 24 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
 25 the taxpayer is a corporation:
- 26 (1) For taxable years beginning after December 31, 2018, and
 27 before January 1, 2020, a taxpayer is required to add back under
 28 this section eighty-seven and five-tenths percent (87.5%) of any
 29 deduction allowed on the taxpayer's federal income tax return for
 30 wagering taxes.
- 31 (2) For taxable years beginning after December 31, 2019, and
 32 before January 1, 2021, a taxpayer is required to add back under
 33 this section seventy-five percent (75%) of any deduction allowed
 34 on the taxpayer's federal income tax return for wagering taxes.
- 35 (3) For taxable years beginning after December 31, 2020, and
 36 before January 1, 2022, a taxpayer is required to add back under
 37 this section sixty-two and five-tenths percent (62.5%) of any
 38 deduction allowed on the taxpayer's federal income tax return for
 39 wagering taxes.
- 40 (4) For taxable years beginning after December 31, 2021, and
 41 before January 1, 2023, a taxpayer is required to add back under
 42 this section fifty percent (50%) of any deduction allowed on the



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



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



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

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

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

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

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

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



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



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

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

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

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

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

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

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

22 (8) Subtract income that is:

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

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

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

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



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



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



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



1 under clause (B) is not considered to be distributed or
 2 distributable to a beneficiary of the estate or trust for purposes of
 3 Sections 651 and 661 of the Internal Revenue Code.

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

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

17 (12) Subtract the amount that would have been excluded from
 18 gross income but for the enactment of Section 118(b)(2) of the
 19 Internal Revenue Code for taxable years ending after December
 20 22, 2017.

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

22 (A) required to add or subtract; or

23 (B) entitled to deduct;

24 under IC 6-3-2.

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

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

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

41 (2) the Internal Revenue Service issues guidance that such an
 42 income or deduction is not reported directly on a federal tax



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

5 SECTION 2. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,
 6 SECTION 268, IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2021]: Sec. 1. **Except as provided in**
 8 **IC 20-51.5-4-2**, the department shall distribute the amount
 9 appropriated by the general assembly for distribution as state tuition
 10 support in accordance with this article. If the appropriations for
 11 distribution as state tuition support are more than required under this
 12 article, any excess shall revert to the state general fund. The
 13 appropriations for state tuition support shall be made each state fiscal
 14 year under a schedule set by the budget agency and approved by the
 15 governor. However, the schedule must provide:

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

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

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

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

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

- 40 (b) The department may not award more than:
 - 41 (1) seven thousand five hundred (7,500) choice scholarships for
 42 the school year beginning July 1, 2011, and ending June 30, 2012;



1 and

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

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

6 **(c) An eligible choice scholarship student is not entitled to a**
7 **choice scholarship under this chapter for a particular year if the**
8 **eligible choice scholarship student receives an annual grant**
9 **amount under IC 20-51.5-4-2 under the Indiana personalized**
10 **education grant program for the same school year.**

11 SECTION 5. IC 20-51.5 IS ADDED TO THE INDIANA CODE AS
12 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
13 2021]:

14 **ARTICLE 51.5. INDIANA PERSONALIZED EDUCATION**
15 **GRANT PROGRAM**

16 **Chapter 1. Applicability**

17 **Sec. 1. This article applies to a school year beginning after June**
18 **30, 2021, and each school year thereafter.**

19 **Chapter 2. Definitions**

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

22 **Sec. 2. "Account" refers to an Indiana personalized education**
23 **grant account established by an eligible student's parent or an**
24 **emancipated eligible student (as described in IC 20-26-11-4) under**
25 **IC 20-51.5-4-1.**

26 **Sec. 3. "Annual grant amount" refers to the annual grant**
27 **amount deposited into the eligible student's account under**
28 **IC 20-51.5-4-2.**

29 **Sec. 4. "Approved postsecondary educational institution" has**
30 **the meaning set forth in IC 21-7-13-6(a).**

31 **Sec. 5. "Eligible student" refers to an individual who:**

32 **(1) has legal settlement in Indiana;**

33 **(2) is at least five (5) years of age and less than twenty-two**

34 **(22) years of age on the date in the school year specified in**
35 **IC 20-33-2-7;**

36 **(3) is not currently enrolled in a nonaccredited nonpublic**
37 **school that has less than one (1) employee;**

38 **(4) is:**

39 **(A) a student with a disability who requires special**
40 **education and for whom:**

41 **(i) an individualized education program;**

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



- 1 (iii) a choice special education plan developed under 511
 2 IAC 7-49; or
 3 (iv) a plan developed under Section 504 of the federal
 4 Rehabilitation Act of 1973, 29 U.S.C. 794;
 5 has been developed; or
 6 (B) placed in foster care or otherwise under care and
 7 supervision of the department of child services; and
 8 (5) either:
 9 (A) established an account; or
 10 (B) had an account established on behalf of the individual.
- 11 **Sec. 6. "Micro-school" or "learning pod" refers to a learning**
 12 **group of students who meet in a single classroom or in person**
 13 **outside a classroom typically with fifteen (15) students or less**
 14 **which may include mixed age level groupings.**
- 15 **Sec. 7. "Participating entity" refers to an individual or entity**
 16 **authorized by the department to participate in the program under**
 17 **IC 20-51.5-5-2.**
- 18 **Sec. 8. "Program" refers to the Indiana personalized education**
 19 **grant program established by IC 20-51.5-3-1.**
- 20 **Sec. 9. "Public school" refers to a school maintained by a school**
 21 **corporation or a charter school.**
- 22 **Sec. 10. "Qualified expenses" refers to the following expenses**
 23 **related to the education of an eligible student:**
- 24 (1) Tuition and fees at a qualified school, public school, or
 25 other participating entity.
 26 (2) Curricular materials required to be used by the eligible
 27 student at a qualified school, public school, or other
 28 participating entity.
 29 (3) Tuition, fees, instructional materials, and examination fees
 30 at a career or technical school.
 31 (4) Payment for the purchase of curricular materials or any
 32 supplemental materials required to administer the
 33 curriculum.
 34 (5) Fees for:
 35 (A) national norm referenced examinations;
 36 (B) advanced placement examinations;
 37 (C) any examinations necessary for admission to an
 38 approved postsecondary educational institution; or
 39 (D) state approved industry certification assessments.
 40 (6) Contributions to the eligible student's qualified tuition
 41 program established under 26 U.S.C. 529.
 42 (7) Educational services for an eligible student who is a



1 student with a disability, provided in accordance with the
2 eligible student's:

- 3 (A) individualized education program developed under
4 IC 20-35 or service plan developed under 511 IAC 7-34; or
5 (B) plan established in accordance with Section 504 of the
6 Rehabilitation Act of 1973, 29 U.S.C. 794.

7 (8) Tuition and fees at an approved postsecondary educational
8 institution or vocational school.

9 (9) Curricular materials required for courses in which the
10 eligible student is enrolled at an approved postsecondary
11 educational institution.

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

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

19 (12) Contributions to:

- 20 (A) a Coverdell education savings account established
21 under 26 U.S.C. 530 for the benefit of the eligible student;
22 or

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

25 (13) Subject to IC 20-51.5-4-7, fees for transportation paid to
26 a fee-for-service transportation provider for the eligible
27 student to travel to and from an approved service provider.

28 (14) Fees for the management of the account, as described in
29 IC 20-51.5-3-2(c).

30 Sec. 11. "Qualified school" refers to a state accredited
31 nonpublic school:

32 (1) to which an eligible student is required to pay tuition to
33 attend;

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

35 (3) that administers to an eligible student tests required under
36 the Indiana's Learning Evaluation Assessment Readiness
37 Network (ILEARN) program under IC 20-32-5.1.

38 Chapter 3. Administration of Indiana Personalized Education
39 Grant Program

40 Sec. 1. The Indiana personalized education grant program is
41 established.

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



1 treasurer of state and the department.

2 (b) The treasurer of state shall contract with one (1) or more
3 financial institutions to maintain and manage accounts established
4 under IC 20-51.5-4-1 after issuing a request for proposal under
5 IC 5-30-6. The contract must contain termination and market
6 performance clauses authorizing the treasurer of state to terminate
7 the contract based on performance of qualification requirements
8 established under subdivision (1). Each financial institution shall:

9 (1) meet qualification requirements established by the
10 treasurer of state;

11 (2) comply with generally accepted accounting principles; and

12 (3) maintain deposit accounts for which deposits are insured
13 by the Federal Deposit Insurance Corporation (FDIC) or the
14 National Credit Union Share Insurance Fund.

15 (c) The treasurer of state shall establish reasonable fees for
16 financial institutions participating in the program based upon
17 market rates.

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

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

25 Sec. 4. The treasurer of state, in collaboration with the
26 department, shall annually provide to the parent of an eligible
27 student who does not have an account or an emancipated eligible
28 student who does not have an account a written explanation of how
29 to establish an account, the tax advantages of an account,
30 authorized uses of the money in an account, and the responsibilities
31 of the parent of an eligible student or an emancipated eligible
32 student and the treasurer of state regarding an account established
33 under IC 20-51.5-4-1.

34 Sec. 5. (a) The department shall administer an annual survey of
35 parents of eligible students and emancipated eligible students who
36 maintain an account under IC 20-51.5-4-1. The survey must
37 request information:

38 (1) regarding when the account was established and the
39 number of grants received;

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

41 (3) regarding opinions on any topics, items, or issues that the
42 treasurer of state determines may improve the effectiveness



1 of the program.

2 (b) Not later than November 1, 2021, and each November 1
3 thereafter, the department shall annually provide a summary of
4 the survey administered under subsection (a) to the governor and,
5 in an electronic format under IC 5-14-6, the legislative council.

6 Sec. 6. The treasurer of state, in consultation with the
7 department, shall provide parent and entity friendly online services
8 and capabilities including, but not limited to, the following:

9 (1) A method for parents to submit an application agreement
10 described in IC 20-51.5-4-1(a).

11 (2) A method for an eligible school and a participating entity
12 to submit the intent of the eligible school or participating
13 entity to participate in the program.

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

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

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

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

23 **Chapter 4. Indiana Personalized Education Grants**

24 Sec. 1. (a) A parent of an eligible student or an emancipated
25 eligible student may establish an Indiana personalized education
26 grant account by entering into a written agreement with the
27 treasurer of state on a form prepared by the treasurer of state. The
28 treasurer of state shall make the agreement available on the
29 Internet web site of the treasurer of state. To be eligible, a parent
30 of an eligible student or an emancipated eligible student wishing to
31 participate in the program must agree that:

32 (1) the eligible student will attend a public school or a
33 qualified school and comply with IC 20-33-2 (compulsory
34 attendance);

35 (2) a grant deposited in the eligible student's account under
36 section 2 of this chapter will be used only for the eligible
37 student's qualified expenses;

38 (3) money in the account when the account is terminated
39 reverts to the state general fund; and

40 (4) the parent of the eligible student or the emancipated
41 eligible student will use part of the money in the account:

42 (A) for the eligible student's study in the subject of reading,



1 **grammar, mathematics, social studies, or science; or**

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

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

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

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

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

9 **(b) A parent of an eligible student may enter into a separate**
 10 **agreement under subsection (a) for each child of the parent.**
 11 **However, not more than one (1) account may be established for**
 12 **each eligible student.**

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

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

34 **(e) An agreement entered into under this section terminates**
 35 **automatically for an eligible student in primary or secondary**
 36 **school if:**

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

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



1 If an account is terminated under this section, money in the eligible
2 student's account reverts to the state general fund.

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

8 Sec. 2. (a) An eligible student who attends kindergarten through
9 grade 12 at a qualified school and who currently maintains an
10 account is entitled to an annual grant amount for each school year
11 until the student graduates or obtains a certificate of completion
12 under the student's individualized education program. An eligible
13 student may not receive a grant under this section after graduating
14 or obtaining a certificate of completion. The annual grant amount
15 shall be paid from the amount appropriated as state tuition
16 support under IC 20-43-2-1. The treasurer of state, with notice to
17 the department, shall deposit the annual grant amount under this
18 section, in quarterly deposits, into an eligible student's account in
19 a manner established by the treasurer of state. The:

20 (1) treasurer of state may deduct an amount of not more than
21 three percent (3%) from each quarterly distribution to
22 accounts under this article to cover the costs of managing the
23 accounts and administering the program. However, the
24 amount deducted under this subdivision may not exceed a
25 maximum annual fee amount of two hundred fifty thousand
26 dollars (\$250,000); and

27 (2) department may deduct an amount of not more than three
28 percent (3%) from each quarterly distribution to accounts
29 under this article to administer the program. However, the
30 amount deducted under this subdivision may not exceed a
31 maximum annual fee amount of two hundred fifty thousand
32 dollars (\$250,000).

33 The administrative fees collected under subdivisions (1) and (2)
34 must be reduced proportionately in a manner necessary to comply
35 with the annual maximum annual fee amount requirements.

36 (b) At least fifty percent (50%) of the grant amount under this
37 section deposited into an account for a particular school year must
38 be used during the same school year. The remainder of the grant
39 amount deposited into the account may be carried over to the next
40 year if the account is renewed by the parent of the eligible student
41 or the emancipated eligible student.

42 Sec. 3. (a) Subject to sections 4 and 11 of this chapter, the



1 annual grant amount under section 2 of this chapter for an eligible
 2 student who attends a qualified school equals, subject to subsection
 3 (b):

4 (1) the foundation amount described under IC 20-43-3-8 for
 5 the current year; plus

6 (2) if the eligible student receives Supplemental Nutrition
 7 Assistance Program (SNAP) benefits, Temporary Assistance
 8 for Needy Families (TANF) benefits, or foster care services,
 9 an amount determined under the last STEP of the following
 10 formula:

11 **STEP ONE:** Determine the school corporation in which the
 12 eligible choice scholarship student has legal settlement.

13 **STEP TWO:** Determine the complexity index amount
 14 under STEP TWO of the formula under IC 20-43-6-3(b)
 15 for the school corporation determined under STEP ONE.

16 **STEP THREE:** If STEP FOUR of IC 20-43-6-3(b) applies
 17 to the school corporation determined under STEP ONE,
 18 add one hundred twenty-eight dollars (\$128) to the STEP
 19 TWO amount.

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

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

30 **Sec. 4.** If an eligible student's agreement under section 1 of this
 31 chapter is in effect for less than an entire school year, the annual
 32 grant amount provided under section 2 of this chapter for that
 33 school year shall be reduced on a prorated basis in a manner
 34 prescribed by the treasurer of state to reflect the length of the
 35 agreement.

36 **Sec. 5.** Upon entering into or renewing an agreement under this
 37 chapter, the department shall provide to the parent of an eligible
 38 student or an emancipated eligible student a written explanation of
 39 the authorized uses of the money in the account and the
 40 responsibilities of the parent of an eligible student or an
 41 emancipated eligible student and the treasurer of state regarding
 42 an account established under section 1 of this chapter.



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

8 **Sec. 7. A parent of an eligible student or an emancipated eligible**
 9 **student may use not more than seven hundred fifty dollars (\$750)**
 10 **of the annual grant amount received under this chapter each school**
 11 **year for fees for transportation paid to a fee-for-service**
 12 **transportation provider for the eligible student to travel to and**
 13 **from an approved service provider.**

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

16 **(1) refund any part of the payment to the parent of the eligible**
 17 **student or the emancipated eligible student unless the refund**
 18 **is for an item that has been returned to the place of original**
 19 **purchase or is for an item or service that has not been**
 20 **provided by the participating entity; or**

21 **(2) rebate or otherwise share any part of the payment with the**
 22 **parent of the eligible student or the emancipated eligible**
 23 **student who made the payment.**

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

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

30 **(1) fails to comply with the terms of the agreement established**
 31 **under section 1 of this chapter;**

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

33 **(3) substantially misuses funds in the account.**

34 **(b) The treasurer of state shall send written notice to the parent**
 35 **of the eligible student or the emancipated eligible student stating**
 36 **the reason for the freeze under subsection (a). The treasurer of**
 37 **state may also send notice to the attorney general or the**
 38 **prosecuting attorney in the county in which the parent of the**
 39 **eligible student or the emancipated eligible student resides if the**
 40 **treasurer of state believes a crime has been committed or a civil**
 41 **action relating to the account is necessary.**

42 **(c) A parent of an eligible student or an emancipated eligible**



1 student whose account has been frozen under subsection (a) may
 2 petition the treasurer of state for redetermination of the decision
 3 under subsection (a) within thirty (30) days after the date the
 4 treasurer of state sends notice to the parent of the eligible student
 5 or the emancipated eligible student under subsection (b). The
 6 petition must contain a written explanation stating why the
 7 treasurer of state was incorrect in freezing the account under
 8 subsection (a). If the treasurer of state does not receive a timely
 9 submitted petition from a parent of an eligible student or an
 10 emancipated eligible student under this subsection, the treasurer
 11 of state shall terminate the account.

12 (d) The treasurer of state shall review a petition received under
 13 subsection (c) within thirty (30) business days of receipt of the
 14 petition and issue a redetermination letter to the parent of the
 15 eligible student or the emancipated eligible student. If the treasurer
 16 of state overturns the treasurer of state's initial decision under
 17 subsection (a), the treasurer of state shall immediately unfreeze the
 18 account. If the treasurer of state affirms the decision under
 19 subsection (a), the treasurer of state shall give notice of the
 20 affirmation to the parent of the eligible student or the emancipated
 21 eligible student and terminate the account.

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

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

35 **Chapter 5. Participating Entities**

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

41 (1) the treasurer of state, state board, department, or any
 42 other state agency may not in any way regulate the



1 educational program of a nonpublic school that accepts
 2 money from an account under this article, including the
 3 regulation of curriculum content, religious instruction or
 4 activities, classroom teaching, teacher and staff hiring
 5 requirements, and other activities carried out by the
 6 nonpublic school;

7 (2) the creation of the program does not expand the
 8 regulatory authority of the state or the state's officers to
 9 impose additional regulation of nonpublic schools beyond
 10 those necessary to enforce the requirements of the program;
 11 and

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

15 **Sec. 2. (a)** The following individuals or entities may become a
 16 participating entity by submitting an application to the department
 17 in a manner prescribed by the department:

18 (1) A qualified school.

19 (2) An approved postsecondary educational institution.

20 (3) An individual who or tutoring agency that provides
 21 private tutoring.

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

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

28 (6) A licensed occupational therapist.

29 (7) A vender approved by the department.

30 (8) A micro-school or learning pod.

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

34 (c) If it is reasonably expected by the department that a
 35 participating entity will receive, from payments made under the
 36 program, more than fifty thousand dollars (\$50,000) during a
 37 particular school year, the participating entity shall, on or before
 38 a date prescribed by the department:

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

42 (2) provide the department evidence, in a manner prescribed



1 by the department, indicating that the participating entity has
 2 unencumbered assets sufficient to pay the treasurer of state
 3 an amount equal to the amount expected to be paid to the
 4 participating entity under the program during the particular
 5 school year.

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

10 Sec. 3. (a) Each qualified school that is a participating entity
 11 that accepts payments for tuition and fees made from an account
 12 under the program shall administer to its eligible students the tests
 13 required under the Indiana's Learning Evaluation Assessment
 14 Readiness Network (ILEARN) program under IC 20-32-5.1 in a
 15 manner prescribed by the state board unless otherwise provided by
 16 an eligible student's:

- 17 (1) individualized education program;
- 18 (2) service plan developed under 511 IAC 7-34;
- 19 (3) choice special education plan developed under 511
 20 IAC 7-49; or
- 21 (4) plan developed under Section 504 of the federal
 22 Rehabilitation Act of 1973, 29 U.S.C. 794.

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

- 27 (1) aggregate the ILEARN program test results according to
 28 the grade level, gender, race, and family income level of all
 29 eligible students; and
- 30 (2) make the results determined under subdivision (1)
 31 available on the department's Internet web site.

32 Sec. 4. (a) The department may refuse to allow a participating
 33 entity to continue participation in the program and revoke the
 34 participating entity's status as a participating entity if the
 35 department determines that the participating entity accepts
 36 payments made from an account under this article and:

- 37 (1) has failed to provide any educational service required by
 38 state or federal law to an eligible student receiving instruction
 39 from the participating entity; or
- 40 (2) has routinely failed to meet the requirements of a
 41 participating entity under the program.

42 (b) If the department revokes a participating entity's status as



1 a participating entity in the program, the department shall provide
 2 notice of the revocation within thirty (30) days of the revocation to
 3 each parent of an eligible student and to each emancipated eligible
 4 student receiving instruction from the participating entity who has
 5 paid the participating entity from the eligible student's account.

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

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

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

19 (2) shall provide a receipt to a parent of an eligible student or
 20 an emancipated eligible student for each qualified expense
 21 charged for education or related services provided to the
 22 eligible student.

23 **Sec. 6. The department shall annually make available on the**
 24 **department's Internet web site a list of participating entities.**

25 **Chapter 6. Rulemaking**

26 **Sec. 1. Except as provided in section 2 of this chapter, the**
 27 **treasurer of state shall adopt rules under IC 4-22-2 necessary to**
 28 **administer this article.**

29 **Sec. 2. The state board shall adopt rules under IC 4-22-2 for:**

30 (1) IC 20-51.5-5; and

31 (2) the provision of special education or related services to an
 32 eligible student who receives a grant under IC 20-51.5-4-2.

33 **The rules adopted under this section must include annual reporting**
 34 **requirements, monitoring, and consequences for noncompliance by**
 35 **a participating entity.**

