

# HOUSE BILL No. 1047

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## DIGEST OF INTRODUCED BILL

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

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any other requirement regarding the employment of teachers other than teacher licensing requirements is, as applicable, repealed or voided.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

**Effective:** July 1, 2021; July 1, 2022.

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January 4, 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. 1047

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

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

1 SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.146-2020,  
2 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2022]: 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 education options account under**



1           **IC 20-52 that is used for a qualified expense (as defined in**  
2           **IC 20-52-2-9), to the extent the distribution used for the**  
3           **qualified expense is included in the taxpayer's federal**  
4           **adjusted 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 20-18-3-2 IS ADDED TO THE INDIANA CODE  
 5 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 6 1, 2022]: **Sec. 2. (a) Any statute or rule establishing requirements**  
 7 **regarding teacher salary, evaluations, or curriculum or any other**  
 8 **requirement regarding the employment of teachers other than**  
 9 **teacher licensing requirements is, as applicable, repealed or voided.**  
 10 **(b) This section does not affect contracts or agreements in effect**  
 11 **on June 30, 2022. However, this section applies to any contract or**  
 12 **agreement entered into or renewed after June 30, 2022.**
- 13 SECTION 3. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,  
 14 SECTION 268, IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2022]: **Sec. 1. Except as provided in IC 20-52,**  
 16 the department shall distribute the amount appropriated by the general  
 17 assembly for distribution as state tuition support in accordance with  
 18 this article. If the appropriations for distribution as state tuition support  
 19 are more than required under this article, any excess shall revert to the  
 20 state general fund. The appropriations for state tuition support shall be  
 21 made each state fiscal year under a schedule set by the budget agency  
 22 and approved by the governor. However, the schedule must provide:  
 23 (1) for at least twelve (12) payments;  
 24 (2) that one (1) payment shall be made at least every forty (40)  
 25 days; and  
 26 (3) the total of the payments in each state fiscal year must equal  
 27 the amount required under this article.
- 28 SECTION 4. IC 20-43-2-3, AS AMENDED BY P.L.10-2019,  
 29 SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2022]: **Sec. 3. In determining the total amount to be**  
 31 **distributed for purposes of section 2 of this chapter, distributions:**  
 32 (1) as basic tuition support;  
 33 (2) for honors designation awards;  
 34 (3) for special education grants;  
 35 (4) for career and technical education grants;  
 36 (5) for choice scholarships; ~~and~~  
 37 (6) for Mitch Daniels early graduation scholarships; **and**  
 38 **(7) for education options accounts;**  
 39 are to be considered for a particular state fiscal year.
- 40 SECTION 5. IC 20-51-4-2, AS AMENDED BY P.L.211-2013,  
 41 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 42 JULY 1, 2022]: **Sec. 2. (a) Subject to subsection (b) and except as**



1 **provided under subsection (c)**, an eligible choice scholarship student  
 2 is entitled to a choice scholarship under this chapter for each school  
 3 year beginning after June 30, 2011, that the eligible choice scholarship  
 4 student enrolls in an eligible school.

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

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

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

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

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

17 SECTION 6. IC 20-52 IS ADDED TO THE INDIANA CODE AS  
 18 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
 19 2022]:

20 **ARTICLE 52. EDUCATION OPTIONS ACCOUNT**  
 21 **PROGRAM**

22 **Chapter 1. Application**

23 **Sec. 1. This article applies to a school year beginning after June**  
 24 **30, 2022, and each school year thereafter.**

25 **Chapter 2. Definitions**

26 **Sec. 1. The definitions in this chapter apply throughout this**  
 27 **article.**

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

29 (1) established under this article; and

30 (2) composed of state funds deposited on behalf of an eligible  
 31 student that may be used for qualified expenses.

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

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

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

37 (1) provides education or related services; and

38 (2) has received approval from the treasurer of state under  
 39 IC 20-52-5 to receive payments for qualified expenses for the  
 40 provision of education and related services.

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

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



- 1           (1) has legal settlement in Indiana; and  
 2           (2) is at least five (5) years of age and less than twenty-two  
 3           (22) years of age on August 1 of the school year in which the  
 4           student applies for participation in the program.
- 5           Sec. 6. "Grant funds" means the funds deposited by the  
 6           treasurer of state into an eligible student's account under  
 7           IC 20-52-3-6.
- 8           Sec. 7. "Person" means an individual, a nonpublic school, a  
 9           corporation, a limited liability company, a partnership, or another  
 10          legal entity.
- 11          Sec. 8. "Program" refers to the education options account  
 12          program established by IC 20-52-3-1.
- 13          Sec. 9. "Qualified expense" refers to any of the following  
 14          expenses related to the education of an eligible student:
- 15           (1) Tuition, fees, and required textbooks at a nonpublic  
 16           school.
- 17           (2) Payment for the purchase of curriculum materials or any  
 18           supplemental materials required to administer the  
 19           curriculum.
- 20           (3) Tutoring services provided by an approved service  
 21           provider who is a licensed teacher under IC 20-28-5.
- 22           (4) Tuition and fees for a nonpublic online learning program  
 23           or course.
- 24           (5) Fees for:
- 25                (A) national norm referenced examinations;  
 26                (B) advanced placement examinations;  
 27                (C) any examinations necessary for admission to an  
 28                approved postsecondary educational institution; or  
 29                (D) state approved industry certification assessments.
- 30           (6) Tuition, fees, and required textbooks at an approved  
 31           postsecondary educational institution.
- 32           (7) Qualified special services.
- 33           (8) Computer hardware or other technological devices if used  
 34           for an eligible student's educational needs and approved by  
 35           the treasurer of state.
- 36           (9) Contributions to:
- 37                (A) a Coverdell education savings account established  
 38                under 26 U.S.C. 530 for the benefit of the eligible student;  
 39                or  
 40                (B) an ABLE account (as defined in IC 12-11-14-1)  
 41                established for the benefit of the eligible student.
- 42           (10) Subject to IC 20-52-3-7, fees for transportation paid to a



1 fee-for-service transportation provider for the eligible student  
2 to travel to and from an approved service provider.

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

6 Sec. 10. (a) "Qualified special services" means educational  
7 services and therapies chosen by parents for a student with a  
8 disability (as defined in IC 20-35-1-8) provided by a person  
9 licensed to practice medicine or therapy in Indiana.

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

12 Chapter 3. Establishment of the Education Options Account  
13 Program

14 Sec. 1. The education options account program is established.

15 Sec. 2. The treasurer of state shall administer the program.

16 Sec. 3. A parent shall qualify for the establishment of an  
17 education options account for the parent's eligible student under  
18 this article if the parent:

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

21 (2) signs an agreement:

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

25 (B) to use the funds in the account only for qualified  
26 expenses;

27 (C) to comply with the rules and requirements of the  
28 program;

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

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

36 Sec. 4. (a) If an eligible student is eligible to receive a grant  
37 award under this article, the treasurer of state shall establish an  
38 account for the eligible student.

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



1 (c) The amount of the grant that the department must transfer  
 2 to the treasurer of state under subsection (b) is equal to the sum of  
 3 the following:

4 (1) The amount determined in the last STEP of the following  
 5 formula:

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

8 **STEP TWO:** Determine the amount of state tuition  
 9 support that the school corporation identified under STEP  
 10 ONE is eligible to receive under IC 20-43 for the state  
 11 fiscal year in which the current school year begins,  
 12 excluding amounts provided for special education grants  
 13 under IC 20-43-7.

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

15 (A) the STEP TWO amount; divided by

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

19 (2) If the eligible student chooses not to receive special  
 20 education or related services from a school corporation  
 21 required to provide the services to the eligible student under  
 22 511 IAC 7-34-1, the amount the school corporation would  
 23 receive under IC 20-43-7 for the eligible student if the eligible  
 24 student attended the school corporation.

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

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

28 (1) enrolls in the program; and

29 (2) is eligible to receive special education funds under  
 30 IC 20-43-7;

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

37 (b) Notwithstanding 511 IAC 7-34-1(d)(4), a public school or  
 38 charter school is not required to make available special education  
 39 and related services to an eligible student if the eligible student  
 40 receives grant funds under this article and chooses not to receive  
 41 special education or related services from a school corporation.  
 42 This subsection may not be construed as a restriction or limitation





1 on any of the rights, benefits, and protections granted to an  
 2 individual under the federal Individuals with Disabilities  
 3 Education Act (20 U.S.C. 1400 et seq.).

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

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

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

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

- 20 (1) The authorized uses of money in the account.
- 21 (2) The responsibilities of the parent and the responsibilities  
 22 of the treasurer of state regarding an account established  
 23 under this article.

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

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

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

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

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

42 Sec. 10. An eligible student is no longer eligible to receive a



1 grant award under this article if the eligible student:

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

6 Sec. 11. (a) A parent of an eligible student who is no longer  
 7 eligible to receive a grant award due to graduating from high  
 8 school or receipt of a high school equivalency diploma as described  
 9 in section 10(1) or 10(2) of this chapter and has grant funds  
 10 remaining in the former eligible student's account may elect to  
 11 keep the account open and use the account only for qualified  
 12 expenses of the former eligible student until whichever of the  
 13 following occurs first:

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

18 (b) If the parent of a former eligible student elects to keep the  
 19 account open, the parent shall annually renew the account by  
 20 signing an agreement under section 3 of this chapter that includes  
 21 provisions described in section 3(2)(B) through 3(2)(E) of this  
 22 chapter.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

24 **Sec. 18.** The treasurer of state:

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

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

29 **Chapter 4. The Education Options Account Fund and Accounts**

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

34 (b) The fund consists of the following:

35 (1) Appropriations by the general assembly.

36 (2) Amounts transferred to the treasurer of state from the  
37 department under IC 20-52-3-4.

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

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

41 (c) The treasurer of state shall establish an account within the  
42 fund for each eligible student as provided under IC 20-52-3-4. For



1 purposes of record keeping, the treasurer of state may establish  
 2 notional accounts that allow funds to be directed from the fund to  
 3 the service provider of the parent of the eligible student's choice.

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

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

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

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

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

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

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

### 23 Chapter 5. Approval of Service Providers

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

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

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

42 (3) an approved service provider may provide for the



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



1           (2) rebate or otherwise share any part of the payment with the  
2           parent of the eligible student who made the payment.

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

9           (1) failed to provide an education or related service that is a  
10           qualified expense to the eligible student of the account; or

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

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

19           **(c) A person that:**

20           (1) provides education or related services; and

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

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

29           (1) the treasurer of state or the treasurer of state's designee;  
30           and

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

34           **(b) Members of the committee under subsection (a)(2) shall be**  
35           **appointed by the treasurer of state.**

36           **(c) Members of the committee appointed under subsection (a)(2)**  
37           **shall serve at the pleasure of the treasurer of state.**

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

40           **(e) The treasurer of state or the treasurer of state's designee**  
41           **serves as the chair of the committee.**

42           **(f) Members of the committee may not receive a salary per diem**



1 and are not entitled to any reimbursement for mileage or any other  
2 expenses incurred by a member in participating in the committee.

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

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

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

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

12 Chapter 6. Audits and Enforcing Compliance

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

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

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

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

26 by a parent of an eligible student.

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

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

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

- 40 (1) suspend the account for a specific period; or
- 41 (2) permanently close the account.

42 If the treasurer of state permanently closes the account, any grant



1 funds remaining in the account revert to the state general fund.

2 (b) If an account is permanently closed under subsection (a), the  
3 eligible student is no longer eligible to participate in the program.

4 Sec. 5. (a) If the treasurer of state receives a petition from a  
5 parent of an eligible student within the thirty (30) days described  
6 in section 3(3) of this chapter, the treasurer of state shall:

7 (1) hold a hearing not later than thirty (30) days after the date  
8 the treasurer of state receives the petition;

9 (2) notify the parent of the eligible student of the time and  
10 place of the hearing; and

11 (3) conduct the hearing and proceedings in accordance with  
12 IC 4-21.5.

13 (b) Not later than thirty (30) days after the hearing, the  
14 treasurer of state shall:

15 (1) issue a decision ordering:

16 (A) permanent closure of the account and any grant funds  
17 be reverted to the state general fund;

18 (B) corrective action required to be taken by the parent of  
19 the eligible student for reinstatement of the account; or

20 (C) full reinstatement of the account; and

21 (2) furnish the written decision, including the reasons for the  
22 decision, to the parent of the eligible student.

23 (c) A parent of an eligible student may appeal the treasurer of  
24 state's decision under this section.

25 Sec. 6. If the treasurer of state orders an eligible student's  
26 account to be permanently closed, any funds in the account that are  
27 not grant funds deposited into the account by the treasurer of state  
28 under this article must be returned to a parent of the eligible  
29 student.

30 Sec. 7. The treasurer of state may send notice to the attorney  
31 general or the prosecuting attorney in the county in which the  
32 parent of the eligible student resides if the treasurer of state  
33 believes a crime has been committed.

#### 34 Chapter 7. Annual Survey

35 Sec. 1. The treasurer of state shall annually request that a  
36 parent of an eligible student who is participating in the program  
37 complete a written survey that solicits the parent's:

38 (1) overall satisfaction with the program; and

39 (2) opinion on specific topics and issues relevant to the  
40 effectiveness of the program.

41 Sec. 2. Not later than November 1, 2024, and each November 1  
42 thereafter, the treasurer of state shall annually provide a summary





1 of the survey administered under section 1 of this chapter to the:  
2 (1) governor; and  
3 (2) legislative council in an electronic format under IC 5-14-6.  
4 SECTION 7. [EFFECTIVE JULY 1, 2021] (a) The legislative  
5 services agency shall prepare legislation for introduction in the  
6 2022 regular session of the general assembly to organize and  
7 correct statutes relating to the repeal of statutes and collection and  
8 distribution of funds affected by this act on July 1, 2022.  
9 (b) This SECTION expires July 1, 2023.

