

HOUSE BILL No. 1254

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 Provides that the following statutes are repealed and rules are voided: (1) Any statute or rule established to meet the requirements of federal law for the purpose of obtaining federal funds for kindergarten through grade 12 education. (2) Any statute or rule establishing requirements regarding teacher salary, evaluations, curriculum, or any other requirement regarding the employment of teachers other than teacher licensing requirements. Establishes the education options account program (program). Requires the treasurer of state to administer the program. Establishes: (1) the education options account fund; and (2) requirements and conditions for the program. Requires the treasurer of state to: (1) annually request a parent of an eligible student who is participating in the program to complete a written survey; and (2) annually provide a summary of the survey to the governor and the legislative council. Continuously appropriates money from the education options account fund and the accounts established within the fund for the purposes of the program.

Effective: July 1, 2020.

Lucas

January 10, 2019, read first time and referred to Committee on Education.



First Regular Session of the 121st General Assembly (2019)

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 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1254



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.214-2018(ss),
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]: 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 adjusted gross income of the taxpayer, or the taxpayer
 26 and the taxpayer's spouse in the case of a joint return, is less
 27 than forty thousand dollars (\$40,000).
- 28 This amount is in addition to the amount subtracted under
 29 subdivision (4).
- 30 (6) Subtract any amounts included in federal adjusted gross
 31 income under Section 111 of the Internal Revenue Code as a
 32 recovery of items previously deducted as an itemized deduction
 33 from adjusted gross income.
- 34 (7) Subtract any amounts included in federal adjusted gross
 35 income under the Internal Revenue Code which amounts were
 36 received by the individual as supplemental railroad retirement
 37 annuities under 45 U.S.C. 231 and which are not deductible under
 38 subdivision (1).
- 39 (8) Subtract an amount equal to the amount of federal Social
 40 Security and Railroad Retirement benefits included in a taxpayer's
 41 federal gross income by Section 86 of the Internal Revenue Code.
- 42 (9) In the case of a nonresident taxpayer or a resident taxpayer



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



- 1 computed had an election for federal income tax purposes not
2 been made for the year in which the property was placed in
3 service to take deductions under Section 179 of the Internal
4 Revenue Code in a total amount exceeding twenty-five thousand
5 dollars (\$25,000).
- 6 (18) Subtract an amount equal to the amount of the taxpayer's
7 qualified military income that was not excluded from the
8 taxpayer's gross income for federal income tax purposes under
9 Section 112 of the Internal Revenue Code.
- 10 (19) Subtract income that is:
- 11 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
12 derived from patents); and
- 13 (B) included in the individual's federal adjusted gross income
14 under the Internal Revenue Code.
- 15 (20) Add an amount equal to any income not included in gross
16 income as a result of the deferral of income arising from business
17 indebtedness discharged in connection with the reacquisition after
18 December 31, 2008, and before January 1, 2011, of an applicable
19 debt instrument, as provided in Section 108(i) of the Internal
20 Revenue Code. Subtract the amount necessary from the adjusted
21 gross income of any taxpayer that added an amount to adjusted
22 gross income in a previous year to offset the amount included in
23 federal gross income as a result of the deferral of income arising
24 from business indebtedness discharged in connection with the
25 reacquisition after December 31, 2008, and before January 1,
26 2011, of an applicable debt instrument, as provided in Section
27 108(i) of the Internal Revenue Code.
- 28 (21) Add the amount excluded from federal gross income under
29 Section 103 of the Internal Revenue Code for interest received on
30 an obligation of a state other than Indiana, or a political
31 subdivision of such a state, that is acquired by the taxpayer after
32 December 31, 2011.
- 33 (22) Subtract an amount as described in Section 1341(a)(2) of the
34 Internal Revenue Code to the extent, if any, that the amount was
35 previously included in the taxpayer's adjusted gross income for a
36 prior taxable year.
- 37 (23) For taxable years beginning after December 25, 2016, add an
38 amount equal to the deduction for deferred foreign income that
39 was claimed by the taxpayer for the taxable year under Section
40 965(c) of the Internal Revenue Code.
- 41 (24) Subtract any interest expense paid or accrued in the current
42 taxable year but not deducted as a result of the limitation imposed



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

9 (25) Subtract the amount included in the taxpayer's gross income
 10 under Section 118(b)(2) of the Internal Revenue Code for taxable
 11 years ending after December 22, 2017.

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

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

20 (b) In the case of corporations, the same as "taxable income" (as
 21 defined in Section 63 of the Internal Revenue Code) adjusted as
 22 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 or deductions allowed
 26 or allowable pursuant to Section 170 of the Internal Revenue
 27 Code (concerning charitable contributions).

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

33 (4) Subtract an amount equal to the amount included in the
 34 corporation'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 twenty-five thousand
- 14 dollars (\$25,000).
- 15 (8) Add to the extent required by IC 6-3-2-20:
- 16 (A) the amount of intangible expenses (as defined in
- 17 IC 6-3-2-20) for the taxable year that reduced the corporation's
- 18 taxable income (as defined in Section 63 of the Internal
- 19 Revenue Code) for federal income tax purposes; and
- 20 (B) any directly related interest expenses (as defined in
- 21 IC 6-3-2-20) that reduced the corporation's adjusted gross
- 22 income (determined without regard to this subdivision). The
- 23 amount of interest that is considered to have reduced the
- 24 corporation's adjusted gross income equals:
- 25 (i) the directly related interest expense that reduced the
- 26 taxpayer's federal taxable income (as defined in Section 63
- 27 of the Internal Revenue Code); plus
- 28 (ii) any directly related interest expenses for which a
- 29 subtraction is allowable under subdivision (15); minus
- 30 (iii) any directly related interest expenses required to be
- 31 added back under subdivision (15).
- 32 (9) Add an amount equal to any deduction for dividends paid (as
- 33 defined in Section 561 of the Internal Revenue Code) to
- 34 shareholders of a captive real estate investment trust (as defined
- 35 in section 34.5 of this chapter).
- 36 (10) 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 corporation's taxable income under the
- 40 Internal Revenue Code.
- 41 (11) 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 from the adjusted gross income of any
5 taxpayer that added an amount to adjusted gross income in a
6 previous year the amount necessary to offset the amount included
7 in federal gross income as a result of the deferral of income
8 arising from business indebtedness discharged in connection with
9 the 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 (12) 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 (13) For taxable years beginning after December 25, 2016:
18 (A) for a corporation other than a real estate investment trust,
19 add an amount equal to the amount reported by the taxpayer on
20 IRC 965 Transition Tax Statement, line 1; and
21 (B) for a real estate investment trust, add an amount equal to
22 the deduction for deferred foreign income that was claimed by
23 the taxpayer for the taxable year under Section 965(c) of the
24 Internal Revenue Code, but only to the extent that the taxpayer
25 included income pursuant to Section 965 of the Internal
26 Revenue Code in its taxable income for federal income tax
27 purposes or is required to add back dividends paid under
28 subdivision (9).
- 29 (14) Add an amount equal to the deduction that was claimed by
30 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
31 Internal Revenue Code (attributable to global intangible
32 low-taxed income). The taxpayer shall separately specify the
33 amount of the reduction under Section 250(a)(1)(B)(i) of the
34 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
35 Internal Revenue Code.
- 36 (15) Subtract any interest expense paid or accrued in the current
37 taxable year but not deducted as a result of the limitation imposed
38 under Section 163(j)(1) of the Internal Revenue Code. Add any
39 interest expense paid or accrued in a previous taxable year but
40 allowed as a deduction under Section 163 of the Internal Revenue
41 Code in the current taxable year. For purposes of this subdivision,
42 an interest expense is considered paid or accrued only in the first



1 taxable year the deduction would have been allowable under
 2 Section 163 of the Internal Revenue Code if the limitation under
 3 Section 163(j)(1) of the Internal Revenue Code did not exist.

4 (16) Subtract the amount included in the taxpayer's gross income
 5 under Section 118(b)(2) of the Internal Revenue Code for taxable
 6 years ending after December 22, 2017.

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

8 (A) required to add or subtract; or

9 (B) entitled to deduct;

10 under IC 6-3-2.

11 (c) The following apply to taxable years beginning after December
 12 31, 2018, for purposes of the add back of any deduction allowed on the
 13 taxpayer's federal income tax return for wagering taxes, as provided in
 14 subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if
 15 the taxpayer is a corporation:

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

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

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

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

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

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



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

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

10 (d) In the case of life insurance companies (as defined in Section
11 816(a) of the Internal Revenue Code) that are organized under Indiana
12 law, the same as "life insurance company taxable income" (as defined
13 in Section 801 of the Internal Revenue Code), adjusted as follows:

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

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

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

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

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

34 (6) Add an amount equal to any deduction allowed under Section
35 172 of the Internal Revenue Code (concerning net operating
36 losses).

37 (7) Add or subtract the amount necessary to make the adjusted
38 gross income of any taxpayer that placed Section 179 property (as
39 defined in Section 179 of the Internal Revenue Code) in service
40 in the current taxable year or in an earlier taxable year equal to
41 the amount of adjusted gross income that would have been
42 computed had an election for federal income tax purposes not



- 1 been made for the year in which the property was placed in
2 service to take deductions under Section 179 of the Internal
3 Revenue Code in a total amount exceeding twenty-five thousand
4 dollars (\$25,000).
- 5 (8) 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 insurance company's taxable income under
9 the Internal Revenue Code.
- 10 (9) 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 (10) Add an amount equal to any exempt insurance income under
24 Section 953(e) of the Internal Revenue Code that is active
25 financing income under Subpart F of Subtitle A, Chapter 1,
26 Subchapter N of the Internal Revenue Code.
- 27 (11) Add the amount excluded from federal gross income under
28 Section 103 of the Internal Revenue Code for interest received on
29 an obligation of a state other than Indiana, or a political
30 subdivision of such a state, that is acquired by the taxpayer after
31 December 31, 2011.
- 32 (12) For taxable years beginning after December 25, 2016, add an
33 amount equal to the amount reported by the taxpayer on IRC 965
34 Transition Tax Statement, line 1.
- 35 (13) Add an amount equal to the deduction that was claimed by
36 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
37 Internal Revenue Code (attributable to global intangible
38 low-taxed income). The taxpayer shall separately specify the
39 amount of the reduction under Section 250(a)(1)(B)(i) of the
40 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
41 Internal Revenue Code.
- 42 (14) Subtract any interest expense paid or accrued in the current



- 1 taxable year but not deducted as a result of the limitation imposed
 2 under Section 163(j)(1) of the Internal Revenue Code. Add any
 3 interest expense paid or accrued in a previous taxable year but
 4 allowed as a deduction under Section 163 of the Internal Revenue
 5 Code in the current taxable year. For purposes of this subdivision,
 6 an interest expense is considered paid or accrued only in the first
 7 taxable year the deduction would have been allowable under
 8 Section 163 of the Internal Revenue Code if the limitation under
 9 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 10 (15) Subtract the amount included in the taxpayer's gross income
 11 under Section 118(b)(2) of the Internal Revenue Code for taxable
 12 years ending after December 22, 2017.
- 13 (16) Add or subtract any other amounts the taxpayer is:
 14 (A) required to add or subtract; or
 15 (B) entitled to deduct;
 16 under IC 6-3-2.
- 17 (e) In the case of insurance companies subject to tax under Section
 18 831 of the Internal Revenue Code and organized under Indiana law, the
 19 same as "taxable income" (as defined in Section 832 of the Internal
 20 Revenue Code), adjusted as follows:
- 21 (1) Subtract income that is exempt from taxation under this article
 22 by the Constitution and statutes of the United States.
- 23 (2) Add an amount equal to any deduction allowed or allowable
 24 under Section 170 of the Internal Revenue Code (concerning
 25 charitable contributions).
- 26 (3) Add an amount equal to a deduction allowed or allowable
 27 under Section 805 or Section 832(c) of the Internal Revenue Code
 28 for taxes based on or measured by income and levied at the state
 29 level by any state.
- 30 (4) Subtract an amount equal to the amount included in the
 31 company's taxable income under Section 78 of the Internal
 32 Revenue Code (concerning foreign tax credits).
- 33 (5) Add or subtract the amount necessary to make the adjusted
 34 gross income of any taxpayer that owns property for which bonus
 35 depreciation was allowed in the current taxable year or in an
 36 earlier taxable year equal to the amount of adjusted gross income
 37 that would have been computed had an election not been made
 38 under Section 168(k) of the Internal Revenue Code to apply bonus
 39 depreciation to the property in the year that it was placed in
 40 service.
- 41 (6) Add an amount equal to any deduction allowed under Section
 42 172 of the Internal Revenue Code (concerning net operating



- 1 losses).
- 2 (7) Add or subtract the amount necessary to make the adjusted
- 3 gross income of any taxpayer that placed Section 179 property (as
- 4 defined in Section 179 of the Internal Revenue Code) in service
- 5 in the current taxable year or in an earlier taxable year equal to
- 6 the amount of adjusted gross income that would have been
- 7 computed had an election for federal income tax purposes not
- 8 been made for the year in which the property was placed in
- 9 service to take deductions under Section 179 of the Internal
- 10 Revenue Code in a total amount exceeding twenty-five thousand
- 11 dollars (\$25,000).
- 12 (8) Subtract income that is:
- 13 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
- 14 derived from patents); and
- 15 (B) included in the insurance company's taxable income under
- 16 the Internal Revenue Code.
- 17 (9) Add an amount equal to any income not included in gross
- 18 income as a result of the deferral of income arising from business
- 19 indebtedness discharged in connection with the reacquisition after
- 20 December 31, 2008, and before January 1, 2011, of an applicable
- 21 debt instrument, as provided in Section 108(i) of the Internal
- 22 Revenue Code. Subtract from the adjusted gross income of any
- 23 taxpayer that added an amount to adjusted gross income in a
- 24 previous year the amount necessary to offset the amount included
- 25 in federal gross income as a result of the deferral of income
- 26 arising from business indebtedness discharged in connection with
- 27 the reacquisition after December 31, 2008, and before January 1,
- 28 2011, of an applicable debt instrument, as provided in Section
- 29 108(i) of the Internal Revenue Code.
- 30 (10) Add an amount equal to any exempt insurance income under
- 31 Section 953(e) of the Internal Revenue Code that is active
- 32 financing income under Subpart F of Subtitle A, Chapter 1,
- 33 Subchapter N of the Internal Revenue Code.
- 34 (11) Add the amount excluded from federal gross income under
- 35 Section 103 of the Internal Revenue Code for interest received on
- 36 an obligation of a state other than Indiana, or a political
- 37 subdivision of such a state, that is acquired by the taxpayer after
- 38 December 31, 2011.
- 39 (12) For taxable years beginning after December 25, 2016, add an
- 40 amount equal to the amount reported by the taxpayer on IRC 965
- 41 Transition Tax Statement, line 1.
- 42 (13) Add an amount equal to the deduction that was claimed by



1 the taxpayer for the taxable year under Section 250(a)(1)(B) of the
 2 Internal Revenue Code (attributable to global intangible
 3 low-taxed income). The taxpayer shall separately specify the
 4 amount of the reduction under Section 250(a)(1)(B)(i) of the
 5 Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the
 6 Internal Revenue Code.

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

17 (15) Subtract the amount included in the taxpayer's gross income
 18 under Section 118(b)(2) of the Internal Revenue Code for taxable
 19 years ending after December 22, 2017.

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

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

29 (2) Subtract an amount equal to the amount of a September 11
 30 terrorist attack settlement payment included in the federal
 31 adjusted gross income of the estate of a victim of the September
 32 11 terrorist attack or a trust to the extent the trust benefits a victim
 33 of the September 11 terrorist attack.

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

42 (4) Add an amount equal to any deduction allowed under Section



- 1 172 of the Internal Revenue Code (concerning net operating
2 losses).
- 3 (5) Add or subtract the amount necessary to make the adjusted
4 gross income of any taxpayer that placed Section 179 property (as
5 defined in Section 179 of the Internal Revenue Code) in service
6 in the current taxable year or in an earlier taxable year equal to
7 the amount of adjusted gross income that would have been
8 computed had an election for federal income tax purposes not
9 been made for the year in which the property was placed in
10 service to take deductions under Section 179 of the Internal
11 Revenue Code in a total amount exceeding twenty-five thousand
12 dollars (\$25,000).
- 13 (6) Subtract income that is:
- 14 (A) exempt from taxation under IC 6-3-2-21.7 (certain income
15 derived from patents); and
- 16 (B) included in the taxpayer's taxable income under the
17 Internal Revenue Code.
- 18 (7) Add an amount equal to any income not included in gross
19 income as a result of the deferral of income arising from business
20 indebtedness discharged in connection with the reacquisition after
21 December 31, 2008, and before January 1, 2011, of an applicable
22 debt instrument, as provided in Section 108(i) of the Internal
23 Revenue Code. Subtract from the adjusted gross income of any
24 taxpayer that added an amount to adjusted gross income in a
25 previous year the amount necessary to offset the amount included
26 in federal gross income as a result of the deferral of income
27 arising from business indebtedness discharged in connection with
28 the reacquisition after December 31, 2008, and before January 1,
29 2011, of an applicable debt instrument, as provided in Section
30 108(i) of the Internal Revenue Code.
- 31 (8) Add the amount excluded from federal gross income under
32 Section 103 of the Internal Revenue Code for interest received on
33 an obligation of a state other than Indiana, or a political
34 subdivision of such a state, that is acquired by the taxpayer after
35 December 31, 2011.
- 36 (9) For taxable years beginning after December 25, 2016, add an
37 amount equal to:
- 38 (A) the amount reported by the taxpayer on IRC 965
39 Transition Tax Statement, line 1; and
- 40 (B) with regard to any amounts of income under Section 965
41 of the Internal Revenue Code distributed by the taxpayer, the
42 deduction under Section 965(c) of the Internal Revenue Code



- 1 attributable to such distributed amounts.
- 2 For purposes of this article, the amount required to be added back
- 3 under clause (B) is not considered to be distributed or
- 4 distributable to a beneficiary of the estate or trust for purposes of
- 5 Sections 651 and 661 of the Internal Revenue Code.
- 6 (10) Subtract any interest expense paid or accrued in the current
- 7 taxable year but not deducted as a result of the limitation imposed
- 8 under Section 163(j)(1) of the Internal Revenue Code. Add any
- 9 interest expense paid or accrued in a previous taxable year but
- 10 allowed as a deduction under Section 163 of the Internal Revenue
- 11 Code in the current taxable year. For purposes of this subdivision,
- 12 an interest expense is considered paid or accrued only in the first
- 13 taxable year the deduction would have been allowable under
- 14 Section 163 of the Internal Revenue Code if the limitation under
- 15 Section 163(j)(1) of the Internal Revenue Code did not exist.
- 16 (11) Add an amount equal to the deduction for qualified business
- 17 income that was claimed by the taxpayer for the taxable year
- 18 under Section 199A of the Internal Revenue Code.
- 19 (12) Subtract the amount included in the taxpayer's gross income
- 20 under Section 118(b)(2) of the Internal Revenue Code for taxable
- 21 years ending after December 22, 2017.
- 22 (13) Add or subtract any other amounts the taxpayer is:
- 23 (A) required to add or subtract; or
- 24 (B) entitled to deduct;
- 25 under IC 6-3-2.
- 26 (g) Subsections (a)(26), (b)(17), (d)(16), (e)(16), or (f)(13) may not
- 27 be construed to require an add back or allow a deduction or exemption
- 28 more than once for a particular add back, deduction, or exemption.
- 29 SECTION 2. IC 20-18-3-2 IS ADDED TO THE INDIANA CODE
- 30 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 31 1, 2020]: **Sec. 2. (a) It is the intent of the general assembly to fund**
- 32 **kindergarten through grade 12 education in the state of Indiana**
- 33 **entirely through state and local funds.**
- 34 **(b) The following statutes are repealed and rules are voided:**
- 35 **(1) Any statute or rule established to meet the requirements**
- 36 **of federal law for the purpose of obtaining federal funds for**
- 37 **kindergarten through grade 12 education.**
- 38 **(2) Any statute or rule establishing requirements regarding**
- 39 **teacher salary, evaluations, curriculum, or any other**
- 40 **requirement regarding the employment of teachers other than**
- 41 **teacher licensing requirements.**
- 42 **(c) This section does not affect contracts or agreements in effect**



1 **on June 30, 2020. However, this section applies to any contract or**
 2 **agreement entered into or renewed after June 30, 2020.**

3 SECTION 3. IC 20-43-2-1, AS AMENDED BY P.L.205-2013,
 4 SECTION 268, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE JULY 1, 2020]: Sec. 1. **Except as provided in IC 20-52,**
 6 the department shall distribute the amount appropriated by the general
 7 assembly for distribution as state tuition support in accordance with
 8 this article. If the appropriations for distribution as state tuition support
 9 are more than required under this article, any excess shall revert to the
 10 state general fund. The appropriations for state tuition support shall be
 11 made each state fiscal year under a schedule set by the budget agency
 12 and approved by the governor. However, the schedule must provide:

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

18 SECTION 4. IC 20-43-2-3, AS AMENDED BY P.L.135-2018,
 19 SECTION 3, AND AS AMENDED BY P.L.192-2018, SECTION 47,
 20 AND AS AMENDED BY THE TECHNICAL CORRECTIONS BILL
 21 OF THE 2019 GENERAL ASSEMBLY, IS CORRECTED AND
 22 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]:
 23 Sec. 3. *If the total amount to be distributed:* In determining the total
 24 amount to be distributed for purposes of section 2 of this chapter,
 25 distributions:

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

34 *are to be considered* for a particular state fiscal year. *exceeds the*
 35 *amounts appropriated by the general assembly for those purposes for*
 36 *the state fiscal year, the total amount to be distributed for those*
 37 *purposes to each recipient during the remaining months of the state*
 38 *fiscal year shall be proportionately reduced so that the total reductions*
 39 *equal the amount of the excess.*

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, 2020]: 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 2020]:

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, 2020, 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 last STEP of the following formula:

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

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

13 STEP THREE: Determine the result of:

14 (A) the STEP TWO amount; divided by

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

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

24 (3) The result of:

25 (A) the total property taxes collected by the school
26 corporation in the immediately preceding state fiscal year:

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

29 (ii) from referenda approved after June 30, 2019, by the
30 voters of a school corporation, that are deposited in the
31 school corporation's operating referendum tax levy fund
32 (IC 20-43-3); divided by

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

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

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

38 (1) enrolls in the program; and

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

41 chooses to receive special education or related services from a
42 school corporation required to provide special education or related



1 services to the eligible student under 511 IAC 7-34-1, the special
 2 education funds under IC 20-43-7 for that student will be made
 3 available to the school corporation where the student receives
 4 special education or related services.

5 (b) Notwithstanding 511 IAC 7-34-1(d)(4), a public school or
 6 charter school is not required to make available special education
 7 and related services to an eligible student if the eligible student
 8 receives grant funds under this article and chooses not to receive
 9 special education or related services from a school corporation.
 10 This subsection may not be construed as a restriction or limitation
 11 on any of the rights, benefits, and protections granted to an
 12 individual under the federal Individuals with Disabilities
 13 Education Improvement Act of 2004 (20 U.S.C. 1400 et seq.).

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

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

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

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

- 30 (1) The authorized uses of money in the account.
- 31 (2) The responsibilities of the parent and the responsibilities
 32 of the treasurer of state regarding an account established
 33 under this article.

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

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



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

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

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

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

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

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

- 22 (1) The money in the account is depleted.
23 (2) The account is terminated.
24 (3) Five (5) years after the date the individual graduates or
25 receives a high school equivalency diploma.

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

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

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

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

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



- 1 (1) parents to submit an application described in section 3 of
 2 this chapter;
 3 (2) a nonpublic school and a service provider to submit the
 4 intent of the nonpublic school or service provider to
 5 participate in the program;
 6 (3) parents to identify and select eligible schools and service
 7 providers participating in the program;
 8 (4) parents and service providers to initiate payment pursuant
 9 to section 16 of this chapter;
 10 (5) parents to rate the parent's experience with a service
 11 provider and the ability for other parents of eligible students
 12 to see the rating; and
 13 (6) the treasurer of state to administer the program in
 14 innovative and parent friendly ways.

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

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

20 (c) The system must allow parents to pay an approved service
 21 provider by electronic funds transfer or automated clearinghouse
 22 transfer.

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

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

29 Sec. 17. Information concerning eligible students who
 30 participate in the program is confidential.

31 Sec. 18. The treasurer of state:

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

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

36 Chapter 4. The Education Options Account Fund and Accounts

37 Sec. 1. (a) The education options account fund is established.
 38 The purpose of the fund is to provide education options for
 39 students in Indiana. The fund shall be administered by the
 40 treasurer of state.

41 (b) The fund consists of the following:

42 (1) Appropriations by the general assembly.



1 **(2) Amounts transferred to the treasurer of state from the**
2 **department under IC 20-51-3-4.**
3 **(3) Gifts, grants, and donations to the fund.**
4 **(4) Interest and other earnings derived from investment of**
5 **money in the fund.**
6 **(c) The treasurer of state shall establish an account within the**
7 **fund for each eligible student as provided under IC 20-52-3-4. For**
8 **purposes of record keeping, the treasurer of state may establish**
9 **notional accounts that allow funds to be directed from the fund to**
10 **the service provider of the parent of the eligible student's choice.**
11 **(d) Subject to section 3 of this chapter, the expenses of**
12 **administering the fund may be paid from money in the fund.**
13 **(e) Except as provided in subsection (f), money in the fund at the**
14 **end of the state fiscal year does not revert to the state general fund.**
15 **(f) Any money that remains in an eligible student's account**
16 **established under subsection (c) upon termination of a parent**
17 **agreement reverts to the state general fund.**
18 **(g) Money in the fund is continuously appropriated for the**
19 **purpose of this article.**
20 **Sec. 2. The treasurer of state may contract with a financial**
21 **institution to administer and manage, with supervision of the**
22 **treasurer of state, the accounts.**
23 **Sec. 3. The treasurer of state may deduct an amount of not more**
24 **than three percent (3%) from each quarterly distribution to**
25 **accounts under this article to cover the costs of managing the**
26 **accounts and administering the program.**
27 **Sec. 4. The treasurer of state may approve, based on market**
28 **rates, reasonable fees that a financial institution that manages the**
29 **accounts may charge.**
30 **Chapter 5. Approval of Service Providers**
31 **Sec. 1. It is the intent of the general assembly to honor the**
32 **autonomy of service providers, including eligible schools, that**
33 **choose and are authorized to become approved service providers**
34 **under this article. An approved service provider is not an agent of**
35 **the state or federal government and therefore:**
36 **(1) the treasurer of state, state board, department, or any**
37 **other state agency may not in any way regulate the**
38 **educational program of an approved service provider that**
39 **accepts money from an account under this article, including**
40 **the regulation of curriculum content, religious instruction or**
41 **activities, classroom teaching, teacher and staff hiring**
42 **requirements, and other activities carried out by the approved**



1 service provider;

2 (2) the creation of the program does not expand the
3 regulatory authority of the state or the state's officers to
4 impose additional regulation of approved service providers
5 beyond those necessary to enforce the requirements of the
6 program; and

7 (3) an approved service provider may provide for the
8 educational needs of students without government control.

9 Sec. 2. A person may apply to be approved to receive payment
10 for services provided to an eligible student from grant funds
11 awarded to the eligible student under this article. The person may
12 apply for approval through the Internet web site portal established
13 under IC 20-52-3-15.

14 Sec. 3. The state board shall establish standards that a person
15 must meet to receive approval by the treasurer of state under this
16 chapter, including the information that person is required to
17 provide as criteria for approval.

18 Sec. 4. (a) The treasurer of state shall, not later than sixty (60)
19 days after the treasurer of state receives a person's application for
20 approval, notify the person as to whether the person's application
21 has been approved or denied.

22 (b) If the treasurer of state denies a person's application, the
23 treasurer of state shall, at the time the treasurer of state notifies
24 the person of the denial, notify the person that the person may
25 appeal the decision to the parent review committee established by
26 section 10 of this chapter.

27 Sec. 5. (a) If a person meets the standards established under
28 section 3 of this chapter, the treasurer of state shall approve the
29 person for eligibility to receive payments for education or related
30 services from grant funds distributed to an eligible student's
31 account under this article.

32 (b) If the treasurer of state denies approval to a person under
33 this chapter, the person may appeal the decision to the parent
34 review committee established by section 10 of this chapter.

35 Sec. 6. The treasurer of state shall:

- 36 (1) maintain a list, with names and contact information, of
37 persons that have been approved under this chapter; and
38 (2) post the list on the treasurer of state's Internet web site
39 portal established under IC 20-52-3-15.

40 Sec. 7. An approved service provider:

- 41 (1) may not charge an eligible student participating in the
42 program an amount greater than a similarly situated student



1 who is receiving the same or similar services; and
 2 (2) shall provide a receipt to a parent of an eligible student for
 3 each qualified expense provided to the eligible student.

4 **Sec. 8. An approved service provider may not:**

5 (1) refund any part of the payment to the parent of an eligible
 6 student unless the refund is for an item that has been returned
 7 to the place of original purchase; or

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

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

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

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

21 (b) If the treasurer of state revokes an approved service
 22 provider's approval status, the treasurer of state shall, not later
 23 than thirty (30) days after the date of the revocation, provide notice
 24 of the revocation to each parent of an eligible student who paid the
 25 approved service provider for qualified expenses from the eligible
 26 student's account.

27 (c) A person that:

28 (1) provides education or related services; and

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

34 **Sec. 10. (a) The parent review committee is established. The**
 35 **committee consists of ten (10) members. The members of the**
 36 **committee include:**

37 (1) the treasurer of state or the treasurer of state's designee;
 38 and

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

42 (b) Members of the committee under subsection (a)(2) shall be



1 appointed by the treasurer of state.

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

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

6 (e) The treasurer of state or the treasurer of state's designee
7 serves as the chair of the committee.

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

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

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

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

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

20 Chapter 6. Audits and Enforcing Compliance

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

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

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

- 30 (1) a violation of this article or law applicable to this article;
31 (2) a failure to comply with the requirements of the program;
32 or
33 (3) the misuse of funds in the account;

34 by a parent of an eligible student.

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

- 37 (1) A statement that the:
38 (A) eligible student's account has been frozen; and
39 (B) parent of the eligible student may not access or use the
40 funds in the account.
41 (2) The reasons the account has been frozen.
42 (3) A statement that the parent of the eligible student has



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



1 **Sec. 1. The treasurer of state shall annually request that a**
2 **parent of an eligible student who is participating in the program**
3 **complete a written survey that solicits the parent's:**
4 **(1) overall satisfaction with the program; and**
5 **(2) opinion on specific topics and issues relevant to the**
6 **effectiveness of the program.**
7 **Sec. 2. Not later than November 1, 2022, and each November 1**
8 **thereafter, the treasurer of state shall annually provide a summary**
9 **of the survey administered under section 1 of this chapter to the:**
10 **(1) governor; and**
11 **(2) legislative council in an electronic format under IC 5-14-6.**
12 **SECTION 7. [EFFECTIVE JULY 1, 2020] (a) The legislative**
13 **services agency shall prepare legislation for introduction in the**
14 **2020 regular session of the general assembly to organize and**
15 **correct statutes relating to the repeal of statutes and collection and**
16 **distribution of funds affected by this act on July 1, 2020.**
17 **(b) This SECTION expires July 1, 2021.**

