

HOUSE BILL No. 1503

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-35.5; IC 6-3-3-12; IC 6-3.1-41.6; IC 31-19-26.5-13.

Synopsis: Adoption incentive programs. Creates the Indiana adoption services authority (authority) and establishes the board of directors of the authority. Sets forth the duties and powers of the authority and the board. Establishes the zero cost adoption fund (fund) to provide financial assistance, benefits, services, or other assistance for specified purposes pertaining to foster care, adoption, and postadoption assistance, including assistance with college savings and arrangements for reduced college tuition for an adopted child. Provides that money in the fund may not be used to pay the general operating, administrative, and capital expenses and establishes a separate, general operating fund for the authority to pay those expenses. Specifies that assistance provided from the fund is supplemental to adoption assistance payments or an adoption subsidy. Provides a tax credit for contributions made to the fund in an amount equal to 50% of the contribution. Specifies that the total amount of tax credits allowed may not exceed \$18,500,000 for each state fiscal year. Makes conforming changes. Makes an appropriation.

Effective: July 1, 2025.

McGuire, DeVon, Wesco, Rowray

January 21, 2025, read first time and referred to Committee on Family, Children and Human Affairs.



First Regular Session of the 124th General Assembly (2025)

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 2024 Regular Session of the General Assembly.

HOUSE BILL No. 1503

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

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

1 SECTION 1. IC 5-35.5 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
3 2025]:
4 **ARTICLE 35.5. ADOPTION SERVICES**
5 **Chapter 1. Definitions**
6 **Sec. 1. The definitions in this chapter apply throughout this**
7 **article.**
8 **Sec. 2. "Authority" means the Indiana adoption services**
9 **authority created by IC 5-35.5-2-1.**
10 **Sec. 3. "Board" means the board of directors of the authority**
11 **established by IC 5-35.5-3-1.**
12 **Sec. 4. "Fund" means the zero cost adoption fund established by**
13 **IC 5-35.5-4-1.**
14 **Sec. 5. "General operating fund" means the general operating**
15 **fund established under IC 5-35.5-5 from which general operating,**
16 **administrative, and capital expenses may be paid.**
17 **Chapter 2. Indiana Adoption Services Authority**



1 **Sec. 1. The Indiana adoption services authority is created.**

2 **Sec. 2. (a) The authority is a body corporate and politic.**

3 **(b) The authority:**

4 **(1) is not an agency of the state; and**

5 **(2) is an instrumentality of the state performing essential**
6 **governmental functions.**

7 **Sec. 3. Because the management, operation, and administration**
8 **of the fund for the purposes set forth in IC 5-35.5-4-1 and any**
9 **other programs, funds, and accounts established under this article**
10 **constitute the performance of an essential public function, the**
11 **following are exempt from taxation by the state and by any**
12 **political subdivision of the state:**

13 **(1) The authority's management and operations.**

14 **(2) The authority's property and assets.**

15 **(3) All property and assets held by or for the authority.**

16 **(4) The investment income and earnings (whether interest,**
17 **gains, or dividends) on:**

18 **(A) the authority's property and assets; and**

19 **(B) all property, assets, and funds and accounts held by or**
20 **for the authority.**

21 **Sec. 4. The authority may contract with public or private**
22 **entities or persons for the provision of all or any portion of the**
23 **services the board considers necessary for the management and**
24 **operations of the authority, including the fund.**

25 **Sec. 5. The authority is a public agency for purposes of**
26 **IC 5-14-1.5 and IC 5-14-3.**

27 **Chapter 3. Authority Board of Directors and Officers**

28 **Sec. 1. (a) The board of directors of the authority is established.**

29 **The board consists of the following:**

30 **(1) The following four (4) members or directors who serve by**
31 **virtue of office:**

32 **(A) The treasurer of state.**

33 **(B) The director of the department of child services.**

34 **(C) The secretary of the family and social services**
35 **administration.**

36 **(D) The budget director.**

37 **(2) Five (5) appointed members or directors who:**

38 **(A) are appointed by the governor; and**

39 **(B) have knowledge, skill, and experience in the field of**
40 **adoption, foster care, health and human services, business,**
41 **or finance.**

42 **(b) During a member's term of service on the board, an**



1 appointed member of the board may not be an official or employee
2 of the state.

3 (c) Not more than three (3) of the appointed members of the
4 board may belong to the same political party.

5 (d) An appointed member serves a four (4) year term that ends
6 on June 30 of the odd-numbered year. However, an appointed
7 member shall hold over after the expiration of the member's term
8 until the member's successor is appointed and qualified.

9 (e) The governor may reappoint an appointed member of the
10 board.

11 (f) A vacancy shall be filled for the balance of an unexpired term
12 in the same manner as the original appointment.

13 (g) The treasurer of state shall serve as chairperson of the
14 board. The board shall annually elect one (1) of its members who
15 serve by virtue of office as vice chairperson, and may elect any
16 other officer that the board desires.

17 (h) The governor may remove an appointed member for
18 misfeasance, malfeasance, willful neglect of duty, or other cause
19 after notice and a public hearing, unless the member expressly
20 waives the notice and hearing in writing.

21 Sec. 2. (a) An appointed member of the board is not entitled to
22 the minimum salary per diem provided by IC 4-10-11-2.1(b). Each
23 appointed member is, however, entitled to reimbursement for
24 traveling expenses and other expenses actually incurred in
25 connection with the member's duties.

26 (b) A member of the board who serves by virtue of office is
27 entitled to reimbursement for traveling expenses and other
28 expenses actually incurred in connection with the member's duties.

29 Sec. 3. The board may:

- 30 (1) employ a manager, who is not a member of the board; and
31 (2) delegate necessary and appropriate functions and
32 authority to the manager.

33 Sec. 4. (a) Five (5) members of the board are a quorum for:

- 34 (1) the transaction of business at a meeting of the board; or
35 (2) the exercise of a power or function of the authority.

36 (b) The affirmative vote of a majority of all the members of the
37 board who are present is necessary for the authority to take action.
38 A vacancy in the membership of the board does not impair the
39 right of a quorum to exercise all the rights and perform all the
40 duties of the authority. An action taken by the board under this
41 article may be authorized by:

- 42 (1) resolution at any regular or special meeting; or



- 1 (2) unanimous consent of all the members who have not
2 abstained.
- 3 A resolution takes effect immediately upon adoption and need not
4 be published or posted.
- 5 (c) The board shall meet at the call of the chairperson and as
6 provided in the bylaws of the authority.
- 7 (d) Meetings of the board may be held anywhere in Indiana.
- 8 Sec. 5. The board is a governing body for purposes of
9 IC 5-14-1.5.
- 10 Sec. 6. The board has the powers necessary and appropriate to
11 carry out and effectuate the purposes of this chapter, including the
12 following:
- 13 (1) To develop and implement criteria to provide or to
14 facilitate the provision of financial assistance, benefits,
15 services, or other assistance from the fund through:
- 16 (A) rules adopted under IC 4-22-2; or
17 (B) rules, guidelines, procedures, or policies established by
18 the board.
- 19 (2) To retain professional services, including the following:
- 20 (A) Advisers and managers, including investment advisers.
21 (B) Custodians and other fiduciaries.
22 (C) Accountants and auditors.
23 (D) Consultants or other experts.
24 (E) Actuarial services providers.
25 (F) Attorneys.
- 26 (3) To secure office space.
- 27 (4) To employ persons, if the board chooses, and as may be
28 necessary, and to fix the terms of employment.
- 29 (5) To recommend legislation to the governor and the general
30 assembly.
- 31 (6) To apply for designation as a tax exempt entity under the
32 Internal Revenue Code.
- 33 (7) To sue and be sued.
- 34 (8) To have perpetual succession.
- 35 (9) To develop marketing plans and promotional material.
- 36 (10) To do all things necessary and appropriate to carry out
37 the purposes of this chapter.
- 38 Sec. 7. The authority may accept gifts, devises, and bequests of
39 real and personal property and any other aid from any source and
40 agree to and comply with conditions attached to the gift, devise,
41 bequest, or aid, as applicable.
- 42 Sec. 8. The authority shall prepare an annual report of its



1 activities and promptly transmit the annual report to the governor
 2 and the general assembly. A report transmitted under this section
 3 to the general assembly must be in an electronic format under
 4 IC 5-14-6.

5 **Sec. 9. (a)** The funds, accounts, management, and operations of
 6 the authority are subject to annual audit by an independent public
 7 accounting firm retained by the board.

8 **(b)** The authority shall promptly transmit copies of each annual
 9 audit to the governor and the general assembly. The annual audit
 10 transmitted to the general assembly must be in an electronic
 11 format under IC 5-14-6. Upon request, the authority shall make
 12 available copies of the audit to the public.

13 **Sec. 10.** A manager or another person designated by resolution
 14 of the authority:

- 15 (1) shall keep a record of the proceedings of the authority;
- 16 (2) shall be custodian of:
 - 17 (A) all books, documents, and papers filed with the
 - 18 authority; and
 - 19 (B) the minute book or journal of the authority; and
- 20 (3) may copy all minutes and other records and documents of
- 21 the authority and may give certificates of the authority to the
- 22 effect that the copies are true copies. A person who deals with
- 23 the authority may rely upon the certificates.

24 **Sec. 11.** Before any financial assistance, benefits, services, or
 25 other assistance are provided from the fund, the:

- 26 (1) chairperson;
- 27 (2) vice chairperson;
- 28 (3) manager; and
- 29 (4) any officer elected by the authority or member of the
- 30 authority authorized by resolution to handle funds or sign
- 31 checks;

32 shall execute a surety bond in the penal sum of one hundred
 33 thousand dollars (\$100,000). The surety bond shall be conditioned
 34 upon the faithful performance of the duties of the office of the
 35 principal and shall be executed by a surety company authorized to
 36 transact business in Indiana. The authority shall pay the cost of the
 37 bonds.

38 **Sec. 12.** The authority shall do the following:

- 39 (1) Provide the board and each member, officer, employee,
- 40 consultant, counsel, and agent of the authority or the board a
- 41 defense in a suit arising out of the performance of duties for
- 42 or on behalf of the authority or the board, if the board



determines that the duties were performed in good faith.

(2) Save a person described in subdivision (1) or the board harmless from any liability, cost, or damage in connection with an action arising out of the performance of duties for or on behalf of the authority or the board, including the payment of any legal fees, except where the liability, cost, or damage is predicated on, or arises out of, the bad faith of the person or the board, or is based on the person's or board's malfeasance in the performance of duties.

Sec. 13. Notwithstanding any other law, it is not a conflict of interest or violation of any other law for a person to serve as a member of the authority. However, a member shall disclose a conflict of interest relating to actions of the authority as required and in a manner provided by IC 35-44.1-1-4.

Chapter 4. Zero Cost Adoption Fund

Sec. 1. The zero cost adoption fund is established for the following purposes:

(1) To support proven community based intervention methods to prevent children from entering foster care.

(2) To promote adoption and recruit potential adoptive families.

(3) To award grants to implement adoption sensitive care in health care settings.

(4) To provide postadoption assistance for reimbursement of up-front adoption costs, counseling services, and other vital care.

(5) To make education more affordable for adopted children as follows:

(A) Contributing ten thousand dollars (\$10,000) per adopted child into a college choice 529 plan established under IC 21-9.

(B) Negotiating with Indiana based public and private colleges for reduced tuition for Indiana adoptees.

Sec. 2. The fund consists of the following:

(1) Appropriations made by the general assembly.

(2) Grants, gifts, donations, or contributions from any source.

(3) Interest deposited under section 3 of this chapter.

Sec. 3. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

Sec. 4. The board shall administer the fund. In administering the



1 fund, the board may consult or contract with other public or
 2 private entities to assist the board in providing or in facilitating the
 3 provision of financial assistance, benefits, services, or other
 4 assistance from the fund in accordance with the criteria developed
 5 under IC 5-35.5-3-6.

6 **Sec. 5. Money in the fund may be used only to provide financial**
 7 **assistance, benefits, services, or other assistance to a person for the**
 8 **purposes set forth in section 1 of this chapter and may not be used**
 9 **to pay any general operating, administrative, and capital expenses**
 10 **of the authority.**

11 **Sec. 6. Assistance provided from the fund to a person is**
 12 **supplemental to:**

13 **(1) adoption assistance under 42 U.S.C. 673, including federal**
 14 **and state regulations; or**

15 **(2) an adoption subsidy under IC 31-19-26.5.**

16 **Sec. 7. Money in the fund does not revert to the state general**
 17 **fund at the end of a fiscal year.**

18 **Chapter 5. General Operating Fund.**

19 **Sec. 1. The general operating fund is established. The general**
 20 **operating fund consists of appropriations made by the general**
 21 **assembly.**

22 **Sec. 2. The authority shall establish and implement investment**
 23 **policies in accordance with IC 5-13 for money in the general**
 24 **operating fund.**

25 **Sec. 3. General operating, administrative, and capital expenses**
 26 **of the authority may be paid from amounts appropriated for those**
 27 **purposes by the general assembly. Appropriations for those**
 28 **purposes must be deposited in the general operating fund.**

29 SECTION 2. IC 6-3-3-12, AS AMENDED BY P.L.236-2023,
 30 SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2025]: Sec. 12. (a) As used in this section, "account" has the
 32 meaning set forth in IC 21-9-2-2.

33 (b) As used in this section, "account beneficiary" has the meaning
 34 set forth in IC 21-9-2-3.

35 (c) As used in this section, "account owner" has the meaning set
 36 forth in IC 21-9-2-4.

37 (d) As used in this section, "college choice 529 education savings
 38 plan" refers to a college choice 529 plan established under IC 21-9.

39 (e) As used in this section, "contribution" means the amount of
 40 money directly provided to a college choice 529 education savings plan
 41 account by a taxpayer. A contribution does not include any of the
 42 following:



1 (1) Money credited to an account as a result of bonus points or
 2 other forms of consideration earned by the taxpayer that result in
 3 a transfer of money to the account.

4 (2) Money transferred from any other qualified tuition program
 5 under Section 529 of the Internal Revenue Code or from any other
 6 similar plan.

7 (3) Money transferred from any qualified ABLE program under
 8 Section 529A of the Internal Revenue Code or any other similar
 9 plan.

10 **(4) Money transferred to an account from the zero cost**
 11 **adoption fund established by IC 5-35.5-4-1.**

12 (f) As used in this section, "nonqualified withdrawal" means a
 13 withdrawal or distribution from a college choice 529 education savings
 14 plan that is not a qualified withdrawal.

15 (g) As used in this section, "qualified higher education expenses"
 16 has the meaning set forth in IC 21-9-2-19.5, except that the term does
 17 not include qualified education loan repayments under Section
 18 529(c)(9) of the Internal Revenue Code.

19 (h) As used in this section, "qualified K-12 education expenses"
 20 means expenses that are for tuition in connection with enrollment or
 21 attendance at an elementary or secondary public, private, or religious
 22 school located in Indiana and are permitted under Section 529 of the
 23 Internal Revenue Code.

24 (i) As used in this section, "qualified withdrawal" means a
 25 withdrawal or distribution from a college choice 529 education savings
 26 plan that is made:

27 (1) to pay for qualified higher education expenses, excluding any
 28 withdrawals or distributions used to pay for qualified higher
 29 education expenses, if the withdrawals or distributions are made
 30 from an account of a college choice 529 education savings plan
 31 that is terminated within twelve (12) months after the account is
 32 opened;

33 (2) as a result of the death or disability of an account beneficiary;

34 (3) because an account beneficiary received a scholarship that
 35 paid for all or part of the qualified higher education expenses of
 36 the account beneficiary, to the extent that the withdrawal or
 37 distribution does not exceed the amount of the scholarship; or

38 (4) by a college choice 529 education savings plan as the result of
 39 a transfer of funds by a college choice 529 education savings plan
 40 from one (1) third party custodian to another.

41 However, a qualified withdrawal does not include a withdrawal or
 42 distribution that will be used for expenses that are for tuition in



1 connection with enrollment or attendance at an elementary or
 2 secondary public, private, or religious school unless the school is
 3 located in Indiana. A qualified withdrawal does not include a rollover
 4 distribution or transfer of assets from a college choice 529 education
 5 savings plan to any other qualified tuition program under Section 529
 6 of the Internal Revenue Code, to any qualified ABLE program under
 7 Section 529A other than an Indiana ABLE 529A savings plan adopted
 8 by the state under IC 12-11, or to any other similar plan.

9 (j) As used in this section, "taxpayer" means:

- 10 (1) an individual filing a single return;
 11 (2) a married couple filing a joint return; or
 12 (3) for taxable years beginning after December 31, 2019, a
 13 married individual filing a separate return.

14 (k) A taxpayer is entitled to a credit against the taxpayer's adjusted
 15 gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable
 16 year equal to the least of the following:

17 (1) The following amount:

18 (A) For taxable years beginning before January 1, 2019, the
 19 sum of twenty percent (20%) multiplied by the amount of the
 20 total contributions that are made by the taxpayer to an account
 21 or accounts of a college choice 529 education savings plan
 22 during the taxable year and that will be used to pay for
 23 qualified higher education expenses that are not qualified K-12
 24 education expenses, plus the lesser of:

- 25 (i) five hundred dollars (\$500); or
 26 (ii) ten percent (10%) multiplied by the amount of the total
 27 contributions that are made by the taxpayer to an account or
 28 accounts of a college choice 529 education savings plan
 29 during the taxable year and that will be used to pay for
 30 qualified K-12 education expenses.

31 (B) For taxable years beginning after December 31, 2018, the
 32 sum of:

- 33 (i) twenty percent (20%) multiplied by the amount of the
 34 total contributions that are made by the taxpayer to an
 35 account or accounts of a college choice 529 education
 36 savings plan during the taxable year and that are designated
 37 to pay for qualified higher education expenses that are not
 38 qualified K-12 education expenses; plus
 39 (ii) twenty percent (20%) multiplied by the amount of the
 40 total contributions that are made by the taxpayer to an
 41 account or accounts of a college choice 529 education
 42 savings plan during the taxable year and that are designated



1 to pay for qualified K-12 education expenses.

2 (2) One thousand five hundred dollars (\$1,500), or seven hundred
3 fifty dollars (\$750) in the case of a married individual filing a
4 separate return.

5 (3) The amount of the taxpayer's adjusted gross income tax
6 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,
7 reduced by the sum of all credits (as determined without regard to
8 this section) allowed by IC 6-3-1 through IC 6-3-7.

9 (l) This subsection applies after December 31, 2018. At the time a
10 contribution is made to or a withdrawal is made from an account or
11 accounts of a college choice 529 education savings plan, the person
12 making the contribution or withdrawal shall designate whether the
13 contribution is made for or the withdrawal will be used for:

- 14 (1) qualified higher education expenses that are not qualified
15 K-12 education expenses; or
16 (2) qualified K-12 education expenses.

17 The Indiana education savings authority (IC 21-9-3) shall use
18 subaccounting to track the designations.

19 (m) A taxpayer who makes a contribution to a college choice 529
20 education savings plan is considered to have made the contribution on
21 the date that:

- 22 (1) the taxpayer's contribution is postmarked or accepted by a
23 delivery service, for contributions that are submitted to a college
24 choice 529 education savings plan by mail or delivery service; or
25 (2) the taxpayer's electronic funds transfer is initiated, for
26 contributions that are submitted to a college choice 529 education
27 savings plan by electronic funds transfer.

28 (n) A taxpayer is not entitled to a carryback, carryover, or refund of
29 an unused credit.

30 (o) A taxpayer may not sell, assign, convey, or otherwise transfer the
31 tax credit provided by this section.

32 (p) To receive the credit provided by this section, a taxpayer must
33 claim the credit on the taxpayer's annual state tax return or returns in
34 the manner prescribed by the department. The taxpayer shall submit to
35 the department all information that the department determines is
36 necessary for the calculation of the credit provided by this section.

37 (q) An account owner of an account of a college choice 529
38 education savings plan must repay all or a part of the credit in a taxable
39 year in which any nonqualified withdrawal is made from the account.
40 The amount the taxpayer must repay is equal to the lesser of:

- 41 (1) twenty percent (20%) of the total amount of nonqualified
42 withdrawals made during the taxable year from the account; or



- 1 (2) the excess of:
- 2 (A) the cumulative amount of all credits provided by this
- 3 section that are claimed by any taxpayer with respect to the
- 4 taxpayer's contributions to the account for all prior taxable
- 5 years beginning on or after January 1, 2007; over
- 6 (B) the cumulative amount of repayments paid by the account
- 7 owner under this subsection for all prior taxable years
- 8 beginning on or after January 1, 2008.
- 9 (r) Any required repayment under subsection (q) shall be reported
- 10 by the account owner on the account owner's annual state income tax
- 11 return for any taxable year in which a nonqualified withdrawal is made.
- 12 (s) A nonresident account owner who is not required to file an
- 13 annual income tax return for a taxable year in which a nonqualified
- 14 withdrawal is made shall make any required repayment on the form
- 15 required under IC 6-3-4-1(2). If the nonresident account owner does
- 16 not make the required repayment, the department shall issue a demand
- 17 notice in accordance with IC 6-8.1-5-1.
- 18 (t) The executive director of the Indiana education savings authority
- 19 shall submit or cause to be submitted to the department a copy of all
- 20 information returns or statements issued to account owners, account
- 21 beneficiaries, and other taxpayers for each taxable year with respect to:
- 22 (1) nonqualified withdrawals made from accounts, including
- 23 subaccounts of a college choice 529 education savings plan for
- 24 the taxable year; or
- 25 (2) account closings for the taxable year.
- 26 (u) The following apply to contributions made after December 31,
- 27 2023:
- 28 (1) For purposes of this section, all or part of a contribution made
- 29 after the end of a taxable year, and not later than the due date of
- 30 the taxpayer's adjusted gross income tax return for the taxable
- 31 year under this article (as determined without regard to any
- 32 allowable extensions), shall be considered as having been made
- 33 during the taxable year preceding the contribution if:
- 34 (A) the taxpayer elects to treat all or part of a contribution as
- 35 occurring in the taxable year preceding the contribution;
- 36 (B) the taxpayer designates the amounts of the contribution to
- 37 be treated as occurring in each taxable year, in the case of a
- 38 single contribution that is to be allowable under this section in
- 39 two (2) separate years; and
- 40 (C) the taxpayer irrevocably waives the right to claim the
- 41 contribution claimed in the taxable year preceding the
- 42 contribution as occurring in the taxable year of the



1 contribution.

2 (2) The Indiana education savings authority may prescribe any
3 forms necessary for purposes of this subsection.

4 SECTION 3. IC 6-3.1-41.6 IS ADDED TO THE INDIANA CODE
5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2025]:

7 **Chapter 41.6. Zero Cost Adoption Fund Tax Credit**

8 **Sec. 1. This chapter applies to taxable years beginning after
9 December 31, 2025.**

10 **Sec. 2. As used in this chapter, "credit" refers to a credit
11 allowed under this chapter.**

12 **Sec. 3. As used in this chapter, "fund" means the zero cost
13 adoption fund established by IC 5-35.5-4-1.**

14 **Sec. 4. As used in this chapter, "pass through entity" has the
15 meaning set forth in IC 6-3-1-35.**

16 **Sec. 5. As used in this chapter, "state tax liability" means a
17 taxpayer's total tax liability that is incurred under:**

18 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

19 (2) IC 6-5.5 (the financial institutions tax); and

20 (3) IC 27-1-18-2 (the insurance premiums tax) or IC 6-8-15

21 (the nonprofit agricultural organization health coverage tax);

22 as computed after the application of the credits that under
23 IC 6-3.1-1-2 are to be applied before the credit provided by this
24 chapter.

25 **Sec. 6. As used in this chapter, "taxpayer" means an individual
26 or entity that has any state tax liability.**

27 **Sec. 7. A taxpayer that makes a contribution to the fund is
28 entitled to a credit against the taxpayer's state tax liability in the
29 taxable year in which the taxpayer makes the contribution.**

30 **Sec. 8. The amount of a taxpayer's credit is equal to fifty percent
31 (50%) of the amount of the contribution made to the fund.**

32 **Sec. 9. (a) If the credit provided by this chapter exceeds the
33 taxpayer's state tax liability for the taxable year for which the
34 credit is first claimed, the excess may be carried forward to
35 succeeding taxable years and used as a credit against the
36 taxpayer's state tax liability during those taxable years. Each time
37 the credit is carried forward to a succeeding taxable year, the
38 credit is reduced by the amount that was used as a credit during
39 the immediately preceding taxable year. The credit provided by
40 this chapter may be carried forward and applied to succeeding
41 taxable years for nine (9) taxable years following the unused credit
42 year.**



1 **(b) A taxpayer is not entitled to a carryback or refund of any**
 2 **unused credit.**

3 **Sec. 10. If a pass through entity is entitled to a credit under**
 4 **section 7 of this chapter but does not have state tax liability against**
 5 **which the tax credit may be applied, a shareholder, partner, or**
 6 **member of the pass through entity is entitled to a tax credit equal**
 7 **to:**

8 **(1) the tax credit determined for the pass through entity for**
 9 **the taxable year; multiplied by**

10 **(2) the percentage of the pass through entity's distributive**
 11 **income to which the shareholder, partner, or member is**
 12 **entitled.**

13 **Sec. 11. To apply a credit against the taxpayer's state tax**
 14 **liability, a taxpayer must claim the credit on the taxpayer's annual**
 15 **state tax return or returns in the manner prescribed by the**
 16 **department. The taxpayer shall submit to the department the**
 17 **information that the department determines is necessary for the**
 18 **department to determine whether the taxpayer is eligible for the**
 19 **credit.**

20 **Sec. 12. The total amount of tax credits allowed under this**
 21 **chapter may not exceed eighteen million five hundred thousand**
 22 **dollars (\$18,500,000) for each state fiscal year.**

23 **Sec. 13. The department, on a website used by the department**
 24 **to provide information to the public, shall provide the following**
 25 **information:**

26 **(1) The application for the credit provided in this chapter.**

27 **(2) A timeline for receiving the credit provided in this chapter.**

28 **(3) The total amount of credits claimed under this chapter**
 29 **during the current state fiscal year.**

30 SECTION 4. IC 31-19-26.5-13, AS ADDED BY P.L.146-2008,
 31 SECTION 562, IS AMENDED TO READ AS FOLLOWS
 32 [EFFECTIVE JULY 1, 2025]: Sec. 13. This chapter does not affect:

33 (1) the legal status of an adoptive child;

34 (2) the rights and responsibilities of the adoptive parents as
 35 provided by law; **or**

36 (3) the eligibility of an adoptive child or adoptive parents for
 37 adoption assistance under Title IV-E of the Social Security Act
 38 (42 U.S.C. 673), federal and state regulations applicable to the
 39 Title IV-E adoption assistance program, or determination of the
 40 amount of any assistance provided by the department through the
 41 Title IV-E adoption assistance program; **or**

42 **(4) the eligibility of an adoptive child or adoptive parents for**



1 **assistance available under IC 5-35.5-4.**
2 **SECTION 5. [EFFECTIVE JULY 1, 2025] (a) As used in this**
3 **SECTION, "fund" means the zero cost adoption fund established**
4 **by IC 5-35.5-4-1, as added by this act.**
5 **(b) For the biennium beginning on July 1, 2025, and ending June**
6 **30, 2027, there is appropriated twenty-five million dollars**
7 **(\$25,000,000) from the state general fund to the fund to be used for**
8 **the purposes set forth in IC 5-35.5-4-1, as added by this act.**
9 **(c) This SECTION expires July 1, 2027.**

