

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1812 be amended to read as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 20-8.1-1-19 IS ADDED TO THE INDIANA
- 4 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 5 [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 19. As**
- 6 **used in this article, "dependent" has the meaning set forth in**
- 7 **Section 152(a) of the Internal Revenue Code.**
- 8 SECTION 2. IC 20-8.1-1-20 IS ADDED TO THE INDIANA
- 9 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 10 [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 20. As**
- 11 **used in this article, "taxpayer" means:**
- 12 **(1) an individual who is; or**
- 13 **(2) an individual and the individual's spouse, in the case of a**
- 14 **joint return, who are;**
- 15 **subject to the adjusted gross income tax."**
- 16 Page 4, between lines 21 and 22, begin a new paragraph and insert:
- 17 "SECTION 4. IC 20-8.1-6.1-3 IS AMENDED TO READ AS
- 18 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
- 19 Sec. 3. (a) A school corporation may accept a transferring student
- 20 without approval of the transferor corporation under section 2 of this
- 21 chapter.
- 22 (b) No transfer may, however, be accepted unless the requesting
- 23 parents or student pays transfer tuition in an amount determined under
- 24 the formula established in section 8 of this chapter for the payment of
- 25 transfer tuition by a transferor school corporation. However, the

1 transferee school shall not offset the amounts described in section 8(b)
 2 STEP TWO (B) through section 8(b) STEP TWO (D) of this chapter
 3 from the amount charged to the requesting parents or student.

4 (c) This tuition shall be paid by the parents or the student before the
 5 end of the school year in such installments as the transferee corporation
 6 determines.

7 (d) Failure to pay any installment is a ground for exclusion from
 8 school.

9 (e) **A taxpayer making a payment with respect to a dependent**
 10 **under this section is entitled to a credit against the adjusted gross**
 11 **income tax imposed by IC 6-3 for the taxable year. The credit to**
 12 **which the taxpayer is entitled is the lesser of:**

13 (1) **tuition paid under this section; or**

14 (2) **the following amount per taxpayer:**

15 Taxable Year	Amount
16 2005	\$500
17 2006 and 2007	\$1,000
18 2008 and 2009	\$1,500
19 2010 and 2011	\$2,000
20 2012 and 2013	\$2,500
21 2014 and thereafter	\$3,000.

22 SECTION 5. IC 20-8.1-6.1-3.1 IS ADDED TO THE INDIANA
 23 CODE AS A NEW SECTION TO READ AS FOLLOWS
 24 [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 3.1 (a)**
 25 **Except as provided in subsection (d), this section applies to a**
 26 **taxpayer who has a dependent who has legal settlement in a school**
 27 **corporation located in Indiana.**

28 (b) **As used in this section, "qualified education expenditures"**
 29 **means expenditures made by a taxpayer for a dependent for any of**
 30 **the following:**

31 (1) **Fees for academic tuition or instruction at a nonpublic**
 32 **school.**

33 (2) **If the student is enrolled in a nonpublic school that does**
 34 **not charge tuition, expenditures for computer software,**
 35 **academic tutoring, textbooks, workbooks, curricula, school**
 36 **supplies other than personal computers, and other written**
 37 **materials used primarily for academic instruction.**

38 (3) **Expenditures for transporting the student to and from a**
 39 **nonpublic school, excluding transportation for extracurricular**
 40 **activities.**

41 (c) **Except as provided in subsection (d) of this chapter, a**
 42 **taxpayer who makes a qualified educational expenditure is entitled**
 43 **to a credit against the adjusted gross income tax imposed by IC 6-3**
 44 **for the taxable year. The credit to which the taxpayer is entitled is**
 45 **the lesser of:**

46 (1) **the expenditures made under subsection (b); or**

1 **(2) the following amount:**

2 Taxable Year	Amount
3 2005	\$500
4 2006 and 2007	\$1,000
5 2008 and 2009	\$1,500
6 2010 and 2011	\$2,000
7 2012 and 2013	\$2,500
8 2014 and thereafter	\$3,000

9 **The credit amount allowed under this subsection is reduced by any**
10 **credit amount claimed under section 3 of this chapter.**

11 **(d) This subsection applies to the determination of a credit for**
12 **any taxpayer with respect to any dependent who is not enrolled in**
13 **a public school in 2005 but who is eligible for enrollment in a public**
14 **school in 2005. A taxpayer described in this subsection is not**
15 **entitled to a credit under this section for expenditures made before**
16 **January 1, 2007, with respect to the dependent described in this**
17 **subsection. The credit for such a taxpayer for expenditures made**
18 **with respect to the dependent after January 1, 2007, is equal to the**
19 **lesser of:**

20 **(1) the qualified education expenditures of the taxpayer; or**

21 **(2) the following amount per taxpayer:**

22 Taxable Year	Amount
23 2007 and 2008	\$500
24 2009 and 2010	\$1,000
25 2011 and 2012	\$1,500
26 2013 and 2014	\$2,000
27 2015 and 2016	\$2,500
28 2017	\$3,000

29 **This subsection expires for taxable years after 2017.**

30 **(e) The department shall develop a process and create forms**
31 **that will:**

32 **(1) permit the taxpayer to assign credits under this chapter to**
33 **the school in which the taxpayer's dependent is enrolled; and**

34 **(2) allow the school that receives an assignment of credits to**
35 **claim and receive the amount of the credit as soon as the**
36 **taxpayer has filed the required income tax return for the**
37 **taxable year.**

38 **(f) If the amount of the credit provided by this chapter that a**
39 **taxpayer uses during a particular taxable year exceeds the sum of**
40 **the taxes imposed on the taxpayer by IC 6-3 for the taxable year**
41 **after the application of all credits that under IC 6-3.1-1-2 are to be**
42 **applied before the credit provided by this chapter, the excess shall**
43 **be returned to the taxpayer as a refund.**

44 **(g) Acceptance by a taxpayer of a credit for qualified education**
45 **expenditures for a dependent under this chapter does not provide**
46 **any governmental entity or agency of the state with jurisdiction,**

- 1 **authority, or control over the dependent's educational provider.**
 2 SECTION 6. IC 20-8.1-6.1-14 IS ADDED TO THE INDIANA
 3 CODE AS A NEW SECTION TO READ AS FOLLOWS
 4 [EFFECTIVE JULY 1, 2005]: (a) As used in this section, "ADM"
 5 has the meaning set forth in IC 21-3-1.6-1.1. The term includes
 6 adjusted ADM.
 7 (b) As used in this section, "eligible student" means a student
 8 who meets the requirements of subsection (f).
 9 (c) As used in this section, "school of choice" means a nonpublic
 10 school (as defined in IC 20-10.1-1-3) or a public school (as defined
 11 in IC 20-10.1-1-2) in which a dependent is enrolled but that is not
 12 the dependent's school of legal settlement for purposes of the
 13 general school tuition support formula, if the school:
 14 (1) is accredited by the state of Indiana or a national
 15 accrediting body;
 16 (2) is not required to provide supplemental educational
 17 services for its students or to institute corrective action under
 18 20 U.S.C. 6316;
 19 (3) complies with all health and safety laws that apply to
 20 public or nonpublic schools, respectively;
 21 (4) holds a valid occupancy permit if required; and
 22 (5) certifies that it will not discriminate in admissions on the
 23 basis of race, color, or national origin.
 24 (d) As used in this section, "scholarship" refers to a scholarship
 25 provided under the scholarship program established by subsection
 26 (e).
 27 (e) There is established the academic achievement transfer
 28 tuition scholarship program to assist parents and guardians to pay
 29 the costs of their child attending a school of choice.
 30 (f) A student who meets the following requirements is eligible for
 31 a scholarship for a school year:
 32 (1) The student is a member of a household with an annual
 33 household income that is not more than three hundred fifty
 34 percent (350%) of the federal income poverty level as
 35 determined annually by the federal Office of Management and
 36 Budget under 42 U.S.C. 9902.
 37 (2) The student was enrolled in a public school during the
 38 school year preceding the first school year for which a
 39 scholarship is sought.
 40 (3) The public school attended by the student under
 41 subdivision (1) has been notified that it will be required to
 42 provide supplemental educational services for the student or
 43 will be required to institute corrective action under 20 U.S.C.
 44 6316.
 45 (4) The student has legal settlement in a school corporation
 46 located in Indiana.

- 1 **(5) The student is enrolled in a school of choice for the school**
 2 **year for which a scholarship is sought.**
- 3 **(g) The parent or guardian of an eligible student seeking a**
 4 **scholarship must apply to the department. The department shall**
 5 **prescribe the form of the application. The application must be filed**
 6 **after June 1 and before July 1 for a scholarship for the upcoming**
 7 **school year. The department shall make a determination whether**
 8 **an applicant has an eligible student within thirty (30) days after the**
 9 **application is filed. The amount of the scholarship for each eligible**
 10 **student who is enrolled in a nonpublic school of choice is the lesser**
 11 **of:**
- 12 **(1) the cost of tuition, textbooks, and other mandatory fees,**
 13 **not including fees for extracurricular activities, charged by**
 14 **the school of choice for the eligible student; or**
- 15 **(2) the sum of the average amount per ADM with respect to**
 16 **the public school in which the dependent is eligible for**
 17 **enrollment for:**
- 18 **(A) all components of state tuition support and categorical**
 19 **grants, except special education grants; plus**
- 20 **(B) the ad valorem property taxes for the school**
 21 **corporation's general fund;**
- 22 **for the school year for which the scholarship applies. The**
 23 **department shall provide the full scholarship amount by**
 24 **paying equal installments to the school of choice at the same**
 25 **times the department makes a tuition support distribution to**
 26 **the public school in which the eligible student has legal**
 27 **settlement. If an eligible student withdraws from a school of**
 28 **choice, the school of choice shall notify the department within**
 29 **ten (10) days. The department shall thereafter terminate**
 30 **payments to the school of choice for that student.**
- 31 **(h) To receive a scholarship distribution, a school of choice must**
 32 **agree with the department to do the following:**
- 33 **(1) Determine before enrolling any potential scholarship**
 34 **students the specific number of scholarship students that will**
 35 **be admitted, and, if applicants under the program exceed the**
 36 **determined number of spaces available at any particular**
 37 **grade level, conduct a random selection process to determine**
 38 **those students that are admitted to that grade level.**
 39 **Exceptions to this random selection may be made to**
 40 **accommodate siblings of students who are already enrolled or**
 41 **selected for enrollment in the school.**
- 42 **(2) Not charge any tuition or other fees in excess of the**
 43 **scholarship amount.**
- 44 **(3) Not charge any tuition or other fees under the scholarship**
 45 **program that exceed the standard rates charged to other**
 46 **students who pay tuition to enroll in the school.**

- 1 **(4) Not refund, rebate, or share a student's scholarship with**
- 2 **a parent or the student in any manner.**
- 3 **(5) Use a student's scholarship only for educational purposes.**
- 4 **(6) Provide regular academic progress reports to the parents**
- 5 **of students enrolled under the scholarship program.**
- 6 **(i) Notwithstanding the state tuition support formula and laws**
- 7 **governing the counting of pupils in ADM, an eligible student who:**
- 8 **(1) is enrolled in a school of choice that is a public school; and**
- 9 **(2) is not already being counted in ADM of the school**
- 10 **corporation in which the dependent has legal settlement;**
- 11 **shall, for purposes of calculating tuition support distributions, be**
- 12 **counted as a full additional ADM of the school corporation in**
- 13 **which the public school of choice is located after otherwise**
- 14 **computing the ADM of that school corporation under the state**
- 15 **tuition support formula. This subsection applies to a school**
- 16 **corporation for purposes of calculating tuition support**
- 17 **distributions regardless of how the scholarship student might**
- 18 **otherwise be treated under the school funding formula.**
- 19 **(j) An amount sufficient to provide scholarships and grants**
- 20 **under this chapter shall be paid from the state general fund.**

21 SECTION 7. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]
 22 **IC 20-6.1-8.1-3, as amended by this act, and IC 20-6.1-8.1-3.1, as**
 23 **added by this act, apply to taxable years beginning after December**
 24 **31, 2004."**

25 Renumber all SECTIONS consecutively.
 (Reference is to HB 1812 as printed February 9, 2005.)

Representative Behning