



Reprinted
March 30, 2011

HOUSE BILL No. 1003

DIGEST OF HB 1003 (Updated March 29, 2011 7:33 pm - DI 71)

Citations Affected: IC 6-3.1; IC 20-51.

Synopsis: School scholarships. Increases the school scholarship tax credits that may be awarded for donations to a scholarship granting organization and allows up to 25% of the credits to be awarded for donations to public school foundations. Allows scholarship granting organizations to grant scholarships to families with income that is not more than 250% of the amount required for the individual to qualify for the federal free or reduced price lunch program. Prohibits a scholarship granting organization from limiting the availability of scholarships to students of only one participating school. Provides choice scholarships to students in families with income that is not more than 150% percent of the amount required for the individual to qualify for the federal free or reduced lunch program to pay the costs of tuition and fees at a public or private elementary school or high school that charges tuition. Provides for a supplemental distribution to public schools equal to the difference between the amount distributed as choice scholarships and the amount that would have been distributed to public schools to educate the children receiving choice scholarships. Requires fair admissions policies for schools eligible for choice scholarships. Limits the number of choice scholarships awarded per school year before June 30, 2013. Limits the choice scholarship granted to a student in grade 1 through 8 to \$4,500 per school year. Provides consequences for nonpublic schools who receive: (1) consecutive low category designations for school performance and improvement; and (2) a distribution of choice scholarships. Provides for any savings from the choice scholarships to be used for tuition support for schools. Makes conforming changes.

Effective: July 1, 2011.

Behning, Bosma

January 20, 2011, read first time and referred to Committee on Education.
February 17, 2011, amended, reported — Do Pass.
March 29, 2011, read second time, amended, ordered engrossed.

HB 1003—LS 7552/DI 51+



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First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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HOUSE BILL No. 1003

A BILL FOR AN ACT to amend the Indiana Code concerning education.

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

1 SECTION 1. IC 6-3.1-30.5-2.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. As used in this chapter,**
4 **"public school foundation" refers to a foundation established**
5 **under IC 20-26-5-22.5.**

6 SECTION 2. IC 6-3.1-30.5-3, AS ADDED BY P.L.182-2009(ss),
7 SECTION 205, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2011]: Sec. 3. As used in this chapter,
9 "scholarship granting organization" refers to an organization that:

- 10 (1) is exempt from federal income taxation under Section
11 501(c)(3) of the Internal Revenue Code; and
12 (2) conducts a school scholarship program **without limiting the**
13 **availability of scholarships to students of only one (1)**
14 **participating school (as defined in IC 20-51-1-6).**

15 SECTION 3. IC 6-3.1-30.5-7, AS ADDED BY P.L.182-2009(ss),
16 SECTION 205, IS AMENDED TO READ AS FOLLOWS
17 [EFFECTIVE JULY 1, 2011]: Sec. 7. A taxpayer that makes a

HB 1003—LS 7552/DI 51+



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contribution to:

- (1) a scholarship granting organization for use by the scholarship granting organization in a school scholarship program; or
- (2) a public school foundation in a taxable year beginning after December 31, 2011;**

is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes the contribution.

SECTION 4. IC 6-3.1-30.5-8, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. The amount of a taxpayer's credit is equal to ~~fifty percent (50%)~~ **the following percentage** of the amount of the contribution made to the scholarship granting organization for a school scholarship program **or to a public school foundation:**

- (1) Fifty percent (50%) for a taxpayer's taxable year beginning in 2010 or 2011.**
- (2) Sixty percent (60%) for a taxpayer's taxable year beginning in 2012.**
- (3) Seventy percent (70%) for a taxpayer's taxable year beginning in 2013.**
- (4) Eighty percent (80%) for a taxpayer's taxable year beginning in 2014 or a subsequent year.**

SECTION 5. IC 6-3.1-30.5-12, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 12. A contribution **to a scholarship granting organization** shall be treated as having been made for use in a school scholarship program if:

- (1) the contribution is made directly to a scholarship granting organization; and
- (2) either:
 - (A) not later than the date of the contribution, the taxpayer designates in writing to the scholarship granting organization that the contribution is to be used only for a school scholarship program; or
 - (B) the scholarship granting organization provides the taxpayer with written confirmation that the contribution will be dedicated solely for use in a school scholarship program.

SECTION 6. IC 6-3.1-30.5-13, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. The total amount of tax credits awarded under this chapter may not exceed two million five hundred thousand dollars (\$2,500,000) in ~~any~~ **a state fiscal year that begins after June 30, 2009, and ends before July 1, 2012. The total amount**

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1 of tax credits that may be awarded under this chapter in a state
2 fiscal year beginning after June 30, 2012:

3 (1) increases by an additional ten million dollars (\$10,000,000)
4 in each state fiscal year that the total amount of tax credits
5 awarded in the immediately preceding state fiscal year
6 equaled at least ninety percent (90%) of the maximum
7 amount permitted to be awarded under this section in the
8 immediately preceding state fiscal year; and

9 (2) is equal to the maximum permissible amount of tax credits
10 that were permitted to be awarded under this section in the
11 immediately preceding state fiscal year, if subdivision (1) does
12 not apply.

13 Not more than twenty-five percent (25%) of the credits awarded
14 in a state fiscal year may be awarded for contributions to public
15 school foundations.

16 SECTION 7. IC 20-51-1-4.5 IS ADDED TO THE INDIANA CODE
17 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
18 1, 2011]: Sec. 4.5. "Eligible individual" refers to an individual who:

- 19 (1) has legal settlement in Indiana;
- 20 (2) is at least five (5) years of age and less than twenty-two
- 21 (22) years of age on the date in the school year specified in
- 22 IC 20-33-2-7;
- 23 (3) either has been or is currently enrolled in an accredited
- 24 school;
- 25 (4) is a member of a household with an annual income of not
- 26 more than one hundred fifty percent (150%) of the amount
- 27 required for the individual to qualify for the federal free or
- 28 reduced price lunch program; and
- 29 (5) either:

30 (A) was enrolled in grade 1 through 12 in a school
31 corporation that did not charge the individual transfer
32 tuition for at least two (2) semesters immediately preceding
33 the first semester for which the individual receives a choice
34 scholarship under IC 20-51-4; or

35 (B) received a scholarship from a scholarship granting
36 organization under IC 20-51-3 or a choice scholarship
37 under IC 20-51-4 in a preceding school year, including a
38 school year that does not immediately precede a school
39 year in which the individual receives a scholarship from a
40 scholarship granting organization under IC 20-51-3 or a
41 choice scholarship under IC 20-51-4.

42 SECTION 8. IC 20-51-1-4.7 IS ADDED TO THE INDIANA CODE

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1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 2011]: Sec. 4.7. "Eligible school" refers to a public or nonpublic
3 elementary school or high school that:

- 4 (1) is located in Indiana;
- 5 (2) requires an eligible individual to pay tuition or transfer
6 tuition to attend;
- 7 (3) voluntarily agrees to enroll an eligible individual;
- 8 (4) is accredited by either the state board or a national or
9 regional accreditation agency that is recognized by the state
10 board;
- 11 (5) administers the Indiana statewide testing for educational
12 progress (ISTEP) program under IC 20-32-5;
- 13 (6) is not a charter school or the school corporation in which
14 an eligible individual has legal settlement under IC 20-26-11;
- 15 (7) submits to the department verification of compliance with
16 all:
 - 17 (A) requirements of the Americans with Disabilities Act
18 (42 U.S.C. 12101 et seq.) and any amendments and
19 regulations related to the Act;
 - 20 (B) fire safety requirements; and
 - 21 (C) health standards under federal and state law;
- 22 (8) adheres to the state teacher evaluation requirements as
23 specified by state law and administrative rule; and
- 24 (9) submits to the department data required for a category
25 designation under IC 20-31-8-3.

26 SECTION 9. IC 20-51-1-5, AS ADDED BY P.L.182-2009(ss),
27 SECTION 364, IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2011]: Sec. 5. "Eligible student" refers to an
29 individual who:

- 30 (1) has legal settlement in Indiana;
- 31 (2) is at least five (5) years of age and less than twenty-two (22)
32 years of age on the date in the school year specified in
33 IC 20-33-2-7;
- 34 (3) either has been or is currently enrolled in a participating
35 school;
- 36 (4) either:
 - 37 (A) is a member of a household with an annual income of not
38 more than two hundred ~~fifty~~ percent (~~200%~~) (250%) of the
39 amount required for the individual to qualify for the federal
40 free or reduced price lunch program; or
 - 41 (B) received a scholarship under ~~this article~~ IC 20-51-3 in the
42 immediately preceding school year or the immediately

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- 1 preceding term of the current school year and qualified under
- 2 clause (A) in the first year that the individual received a
- 3 scholarship under ~~this article~~; **IC 20-51-3**; and
- 4 (5) meets at least one (1) of the following conditions:
- 5 (A) The individual is enrolling in kindergarten.
- 6 (B) The individual was enrolled in a public school during the
- 7 school year preceding the first school year for which a
- 8 scholarship granting organization provides a scholarship to the
- 9 individual.
- 10 (C) The individual received a scholarship **(that did not**
- 11 **qualify as a school scholarship under IC 20-51-3)** in the
- 12 previous year from a nonprofit scholarship granting
- 13 organization that qualifies for certification as a school
- 14 scholarship program.
- 15 (D) The individual received a school scholarship **under**
- 16 **IC 20-51-3** for the previous school year.

17 SECTION 10. IC 20-51-1-7, AS ADDED BY P.L.182-2009(ss),
 18 SECTION 364, IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE JULY 1, 2011]: Sec. 7. "Scholarship granting
 20 organization" refers to an organization that:

- 21 (1) is exempt from federal income taxation under Section
- 22 501(c)(3) of the Internal Revenue Code; and
- 23 (2) is organized at least in part to grant school scholarships
- 24 **without limiting the availability of scholarships to students of**
- 25 **only one (1) participating school.**

26 SECTION 11. IC 20-51-3-5, AS ADDED BY P.L.182-2009(ss),
 27 SECTION 364, IS AMENDED TO READ AS FOLLOWS
 28 [EFFECTIVE JULY 1, 2011]: Sec. 5. **(a)** An agreement entered into
 29 under section 1 of this chapter must prohibit a scholarship granting
 30 organization from distributing school scholarships for use by an
 31 eligible student to:

- 32 (1) enroll in a school that has:
- 33 (A) paid staff or board members; or
- 34 (B) relatives of paid staff or board members;
- 35 in common with the scholarship granting support organization;
- 36 (2) enroll in a school that the scholarship granting organization
- 37 knows does not qualify as a participating school; or
- 38 (3) pay for the cost of education for a public school where the
- 39 eligible student is entitled to enroll without the payment of tuition.

40 **(b) An agreement entered into under section 1 of this chapter**
 41 **must prohibit a scholarship granting organization from limiting**
 42 **the availability of scholarships to students of only one (1)**

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1 participating school. An agreement entered into under section 1 of
2 this chapter before July 1, 2011, must be amended to include the
3 requirement specified in this subsection.

4 SECTION 12. IC 20-51-4 IS ADDED TO THE INDIANA CODE
5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2011]:

7 Chapter 4. Choice Scholarship

8 Sec. 1. (a) Subject to subsection (b), an eligible individual is
9 entitled to a choice scholarship under this chapter for each school
10 year beginning after June 30, 2011, that the eligible student enrolls
11 in an eligible school.

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

13 (1) seven thousand five hundred (7,500) choice scholarships
14 for the school year beginning July 1, 2011, and ending June
15 30, 2012; and

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

18 The department shall establish the standards used to allocate
19 choice scholarships among eligible students.

20 Sec. 2. (a) An eligible school shall abide by the school's written
21 admission policy fairly and without discrimination with regard to
22 students who:

23 (1) apply for; or

24 (2) are awarded;

25 scholarships under this chapter.

26 (b) If the number of applicants for enrollment in an eligible
27 school under a choice scholarship exceeds the number of choice
28 scholarships available to the eligible school, the eligible school must
29 draw at random in a public meeting the applications of applicants
30 who are entitled to a choice scholarship from among the applicants
31 who meet the requirements for admission to the eligible school.

32 Sec. 3. The maximum amount to which an eligible individual is
33 entitled under this chapter for a school year is equal to the least of
34 the following:

35 (1) The sum of the tuition, transfer tuition, and fees required
36 for enrollment or attendance of the eligible student at the
37 eligible school selected by the eligible individual for a school
38 year that the eligible individual (or the parent of the eligible
39 individual) would otherwise be obligated to pay to the eligible
40 school.

41 (2) An amount equal to:

42 (A) ninety percent (90%) of the state tuition support

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amount determined under section 4 of this chapter if the eligible individual is a member of a household with an annual income of not more than the amount required for the individual to qualify for the federal free or reduced price lunch program; and

(B) fifty percent (50%) of the state tuition support amount determined under section 4 of this chapter if the eligible individual is a member of a household with an annual income of not more than one hundred fifty percent (150%) of the amount required for the individual to qualify for the federal free or reduced price lunch program.

(3) If the eligible individual is enrolled in grade 1 through 8, the maximum choice scholarship that the eligible individual may receive for a school year is four thousand five hundred dollars (\$4,500).

Sec. 4. The state tuition support amount to be used in section 3(2) of this chapter for an eligible individual is the amount determined under the last STEP of the following formula:

STEP ONE: Determine the school corporation in which the eligible individual has legal settlement.

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

STEP THREE: Determine the result of:

- (A) the STEP TWO amount; divided by
- (B) the current ADM (as defined in IC 20-43-1-10) for the school corporation identified under STEP ONE for the calendar year used in STEP TWO.

Sec. 5. (a) If an eligible individual enrolls in an eligible school for less than an entire school year, the choice scholarship provided under this chapter for that school year shall be reduced on a prorated basis to reflect the shorter school term.

(b) The amount by which a choice scholarship is reduced under subsection (a) shall be distributed to public schools using the same formula applicable to the distribution of basic tuition support (as defined in IC 20-43-1-8).

(c) An eligible individual is entitled to only one (1) choice scholarship for each school year. If the eligible individual leaves the eligible school for which the eligible individual was awarded a

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1 choice scholarship and enrolls in another eligible school, the
2 eligible individual is responsible for the payment of any tuition
3 required for the remainder of that school year.

4 Sec. 6. (a) The department shall administer this chapter.

5 (b) The department shall adopt rules under IC 4-22-2 to
6 implement this chapter.

7 (c) The department may adopt emergency rules under
8 IC 4-22-2-37.1 to implement this chapter.

9 Sec. 7. The department may prescribe forms and methods for
10 demonstrating eligibility for a choice scholarship under this
11 chapter.

12 Sec. 8. (a) The department shall enforce the following
13 consequences for an eligible school that is nonpublic:

14 (1) If the school is placed in either of the lowest two (2)
15 categories or designations under IC 20-31-8-3 for two (2)
16 consecutive years, the department shall suspend choice
17 scholarship payments for one (1) year for new students who
18 would otherwise use a choice scholarship to attend the school.

19 (2) If the school is placed in either of the lowest two (2)
20 categories or designations under IC 20-31-8-3 for three (3)
21 consecutive years, the department shall suspend choice
22 scholarship payments for new students who would otherwise
23 use a choice scholarship to attend the school until the school
24 is placed in the middle category or higher category or
25 designation, for two (2) consecutive years.

26 (3) If the school is placed in the lowest category or designation
27 under IC 20-31-8-3 for three (3) consecutive years, the
28 department shall suspend choice scholarship payments for
29 new students who would otherwise use a choice scholarship to
30 attend the school until the school is placed in the middle
31 category or higher category or designation, for three (3)
32 consecutive years.

33 (4) Students who:

34 (A) are currently enrolled at a school described in
35 subdivision (1), (2), or (3); and

36 (B) qualify for a choice scholarship for the upcoming
37 school year;

38 may continue to receive a choice scholarship at the school.

39 (b) This section may not be construed to prevent a student
40 enrolled in a school subject to this section from applying for a
41 choice scholarship in the future at another participating school.

42 Sec. 9. The department may distribute any part of a choice

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1 scholarship to the eligible individual (or the parent of the eligible
2 individual) for the purpose of paying the educational costs
3 described in section 3(1) of this chapter. For the distribution to be
4 valid, the distribution must be endorsed by both the eligible
5 individual (or the parent of the eligible individual) and the eligible
6 school providing educational services to the eligible individual.

7 Sec. 10. The amount of a choice scholarship provided to an
8 eligible individual shall not be treated as income or a resource for
9 the purposes of qualifying for any other federal or state grant or
10 program administered by the state or a political subdivision.

11 Sec. 11. (a) Each school year, the department shall make a
12 supplemental distribution to school corporations and charter
13 schools (other than virtual charter schools) in the amount
14 determined under this section.

15 (b) The amount of the distribution is equal to the result
16 determined under STEP TWO of the following formula:

17 STEP ONE: Determine the result of:

- 18 (A) the state tuition support amount that applies to the
- 19 school year under section 4 of this chapter; multiplied by
- 20 (B) the total number of eligible individuals receiving a
- 21 choice scholarship in the school year, including eligible
- 22 individuals that received a prorated choice scholarship
- 23 under section 5 of this chapter.

24 STEP TWO: Determine the result of:

- 25 (A) the STEP ONE amount; minus
- 26 (B) the amount distributed as choice scholarships for the
- 27 school year.

28 (c) The department shall distribute the amount determined
29 under subsection (b) to school corporations and charter schools
30 (other than virtual charter schools) under the same formula used
31 in that year to distribute basic tuition support (as defined in
32 IC 20-43-1-8).

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-30.5-3, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 3. As used in this chapter, "scholarship granting organization" refers to an organization that:

- (1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and
- (2) conducts a school scholarship program **without limiting the availability of scholarships to students of only one (1) participating school (as defined in IC 20-51-1-6).**"

Page 3, line 8, delete "tests under the Indiana statewide testing" and insert "**Indiana statewide testing for educational progress (ISTEP) program under IC 20-32-5; and**".

Page 3, delete lines 9 through 11.

Page 3, line 13, delete "." and insert "**; and**".

Page 3, between lines 13 and 14, begin a new line block indented and insert:

"(7) submits to the department data required for a category designation under IC 20-31-8-3."

Page 4, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 7. IC 20-51-1-7, AS ADDED BY P.L.182-2009(ss), SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 7. "Scholarship granting organization" refers to an organization that:

- (1) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and
- (2) is organized at least in part to grant school scholarships **without limiting the availability of scholarships to students of only one (1) participating school.**

SECTION 8. IC 20-51-3-5, AS ADDED BY P.L.182-2009(ss), SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. (a) An agreement entered into under section 1 of this chapter must prohibit a scholarship granting organization from distributing school scholarships for use by an eligible student to:

- (1) enroll in a school that has:

HB 1003—LS 7552/DI 51+

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- (A) paid staff or board members; or
 - (B) relatives of paid staff or board members;
- in common with the scholarship granting support organization;
- (2) enroll in a school that the scholarship granting organization knows does not qualify as a participating school; or
 - (3) pay for the cost of education for a public school where the eligible student is entitled to enroll without the payment of tuition.

(b) An agreement entered into under section 1 of this chapter must prohibit a scholarship granting organization from limiting the availability of scholarships to students of only one (1) participating school. An agreement entered into under section 1 of this chapter before July 1, 2011, must be amended to include the requirement specified in this subsection."

Page 4, line 11, delete "2012," and insert "2011,".

Page 4, between lines 11 and 12, begin a new paragraph and insert:

"Sec. 2. An eligible school shall abide by the school's written admission policy fairly and without discrimination with regard to students who:

- (1) apply for; or**
- (2) are awarded;**

scholarships under this chapter."

Page 4, line 12, delete "2." and insert "3."

Page 4, line 13, delete "lesser" and insert "least".

Page 4, line 23, delete "3" and insert "4".

Page 4, line 27, after "program;" insert "and".

Page 4, line 29, delete "3" and insert "4".

Page 4, line 33, delete "; and" and insert ".".

Page 4, delete lines 34 through 40, begin a new line block indented and insert:

"(3) If the eligible individual is enrolled in grade 1 through 8, the maximum choice scholarship that the eligible individual may receive for a school year is four thousand five hundred dollars (\$4,500)."

Page 4, line 41, delete "3." and insert "4."

Page 4, line 42, delete "2(2)" and insert "3(2)".

Page 5, line 7, delete "begins." and insert **"begins, excluding amounts provided for special education grants under IC 20-43-7 and career and technical education grants under IC 20-43-8."**

Page 5, line 13, delete "4." and insert "5. (a)".

Page 5, line 16, delete "per diem".

Page 5, between lines 16 and 17, begin a new paragraph and insert:

"(b) The amount by which a choice scholarship is reduced under

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this section shall be distributed to public schools using the same formula applicable to the distribution of basic tuition support (as defined in IC 20-43-1-8)."

Page 5, line 17, delete "5." and insert "**6. (a)**".

Page 5, between lines 17 and 18, begin a new paragraph and insert:

"(b) The department shall adopt rules under IC 4-22-2 to implement this chapter.

(c) The department may adopt emergency rules under IC 4-22-2-37.1 to implement this chapter."

Page 5, line 18, delete "6." and insert "**7.**".

Page 5, between lines 20 and 21, begin a new paragraph and insert:

"Sec. 8. (a) The department shall enforce the following consequences for an eligible school that is nonpublic:

(1) If the school is placed in either of the lowest two (2) categories or designations under IC 20-31-8-3 for two (2) consecutive years, the department shall suspend choice scholarship payments for one (1) year for new students who would otherwise use a choice scholarship to attend the school.

(2) If the school is placed in either of the lowest two (2) categories or designations under IC 20-31-8-3 for three (3) consecutive years, the department shall suspend choice scholarship payments for new students who would otherwise use a choice scholarship to attend the school until the school is placed in the middle category or higher category or designation, for two (2) consecutive years.

(3) If the school is placed in the lowest category or designation under IC 20-31-8-3 for three (3) consecutive years, the department shall suspend choice scholarship payments for new students who would otherwise use a choice scholarship to attend the school until the school is placed in the middle category or higher category or designation, for three (3) consecutive years.

(4) Students who:

(A) are currently enrolled at a school described in subdivision (1), (2), or (3); and

(B) qualify for a choice scholarship for the upcoming school year;

may continue to receive a choice scholarship at the school.

(b) This section may not be construed to prevent a student enrolled in a school subject to this section from applying for a choice scholarship in the future at another participating school."

Page 5, line 21, delete "7." and insert "**9.**".

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Page 5, line 24, delete "2(1)" and insert "3(1)".

Page 5, line 27, delete "8." and insert "10."

Page 5, after line 30, begin a new paragraph and insert:

"Sec. 11. (a) Each school year, the department shall make a supplemental distribution to school corporations and charter schools (other than virtual charter schools) in the amount determined under this section.

(b) The amount of the distribution is equal to the result determined under STEP TWO of the following formula:

STEP ONE: Determine the result of:

- (A) the state tuition support amount that applies to the school year under section 4 of this chapter; multiplied by**
- (B) the total number of eligible individuals receiving a choice scholarship in the school year, including eligible individuals that received a prorated choice scholarship under section 5 of this chapter.**

STEP TWO: Determine the result of:

- (A) the STEP ONE amount; minus**
- (B) the amount distributed as choice scholarships for the school year.**

(c) The department shall distribute the amount determined under subsection (b) to school corporations and charter schools (other than virtual charter schools) under the same formula used in that year to distribute basic tuition support (as defined in IC 20-43-1-8)."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as introduced.)

BEHNING, Chair

Committee Vote: yeas 8, nays 5.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 6, line 20, delete "this section" and insert "**subsection (a)**".

Page 6, between lines 22 and 23, begin a new paragraph and insert:

"(c) An eligible individual is entitled to only one (1) choice scholarship for each school year. If the eligible individual leaves

HB 1003—LS 7552/DI 51+

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the eligible school for which the eligible individual was awarded a choice scholarship and enrolls in another eligible school, the eligible individual is responsible for the payment of any tuition required for the remainder of that school year."

(Reference is to HB 1003 as printed February 18, 2011.)

DERMODY

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 5, line 6, delete "An" and insert "(a) Subject to subsection (b), an".

Page 5, between lines 8 and 9, begin a new paragraph and insert:

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

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

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

The department shall establish the standards used to allocate choice scholarships among eligible students."

(Reference is to HB 1003 as printed February 18, 2011.)

DERMODY

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 5, line 9, after "2." insert "(a)".

Page 5, between lines 14 and 15, begin a new paragraph and insert:

"(b) If the number of applicants for enrollment in an eligible school under a choice scholarship exceeds the number of choice scholarships available to the eligible school, the eligible school must draw at random in a public meeting the applications of applicants

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who are entitled to a choice scholarship from among the applicants who meet the requirements for admission to the eligible school."

(Reference is to HB 1003 as printed February 18, 2011.)

TRUITT

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

- Page 2, line 35, delete "two" and insert "**one**".
- Page 2, line 35, delete "(250%)" and insert "**(150%)**".
- Page 2, line 39, after "enrolled" insert "**in grade 1 through 12**".
- Page 5, line 34, delete "two" and insert "**one**".
- Page 5, line 34, after "hundred" insert "**fifty**".
- Page 5, line 34, delete "(200%)" and insert "**(150%)**".

(Reference is to HB 1003 as printed February 18, 2011.)

TRUITT

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

- Page 3, line 2, after "received" insert "**a scholarship from a scholarship granting organization under IC 20-51-3 or**".
- Page 3, line 5, after "receives" insert "**a scholarship from a scholarship granting organization under IC 20-51-3 or**".
- Page 7, line 22, delete "chapter or make a direct" and insert "**chapter. For the distribution to be valid, the distribution must be endorsed by both the eligible individual (or the parent of the eligible individual) and the eligible school providing educational services to the eligible individual.**".
- Page 7, delete lines 23 through 24.

(Reference is to HB 1003 as printed February 18, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-30.5-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 2.5. As used in this chapter, "public school foundation" refers to a foundation established under IC 20-26-5-22.5.**"

Page 1, between lines 9 and 10, begin a new paragraph and insert:

"SECTION 3. IC 6-3.1-30.5-7, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 7. A taxpayer that makes a contribution to:**

- (1) a scholarship granting organization for use by the scholarship granting organization in a school scholarship program; **or**
- (2) a public school foundation in a taxable year beginning after December 31, 2011;

is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes the contribution."

Page 1, line 15, delete ":" and insert "**or to a public school foundation:**".

Page 2, between lines 6 and 7, begin a new paragraph and insert:

"SECTION 5. IC 6-3.1-30.5-12, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: **Sec. 12. A contribution to a scholarship granting organization shall be treated as having been made for use in a school scholarship program if:**

- (1) the contribution is made directly to a scholarship granting organization; and
- (2) either:
 - (A) not later than the date of the contribution, the taxpayer designates in writing to the scholarship granting organization that the contribution is to be used only for a school scholarship program; or
 - (B) the scholarship granting organization provides the taxpayer with written confirmation that the contribution will be dedicated solely for use in a school scholarship program."

Page 2, between lines 24 and 25, begin a new line blocked left and insert:

"Not more than twenty-five percent (25%) of the credits awarded

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in a state fiscal year may be awarded for contributions to public school foundations."

Renumber all SECTIONS consecutively.

(Reference is to HB 1003 as printed February 18, 2011.)

BEHNING

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 3, line 18, delete "; and" and insert ";".

Page 3, line 20, after "IC 20-26-11;" begin a new line block indented and insert:

"(7) submits to the department verification of compliance with all:

(A) requirements of the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations related to the Act;

(B) fire safety requirements; and

(C) health standards under federal and state law; and".

Page 3, delete line 21.

Page 3, line 22, delete "(7)" and insert "(8)".

(Reference is to HB 1003 as printed February 18, 2011.)

DELANEY

HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 3, delete line 21, begin a new line block indented and insert:

"(7) adheres to the state teacher evaluation requirements as specified by state law and administrative rule; and".

Page 3, line 22, delete "(7)" and insert "(8)".

(Reference is to HB 1003 as printed February 18, 2011.)

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1003 be amended to read as follows:

Page 3, line 2, after "received" insert **"a scholarship from a scholarship granting organization under IC 20-51-3 or"**.

Page 3, line 5, after "receives" insert **"a scholarship from a scholarship granting organization under IC 20-51-3 or"**.

(Reference is to HB1003 as printed February 18, 2011.)

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