

SENATE BILL No. 633

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1; IC 20-1-1.1-11.

Synopsis: Education tax credits. Provides adjusted gross income tax refundable credits for expenses incurred by a taxpayer and paid to others for dependents who receive academic instruction in a grade from kindergarten through grade 12 or the equivalent for: (1) textbooks and instructional materials; and (2) academic instruction approved by the department of education in grade or age appropriate curricula outside a regular school year or school day and in core curriculum areas. Provides an adjusted gross income tax credit for a part of the expense paid by classroom teachers for professional development. Requires the department of education to develop a list of academic instruction programs for dependents and professional development programs
(Continued next page)

Effective: January 1, 1999 (retroactive).

Lubbers

January 22, 1999, read first time and referred to Committee on Education.

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Digest Continued

for classroom teachers who are approved for tax credit purposes.

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Introduced

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

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SENATE BILL No. 633



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

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

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]:

4 **Chapter 20. Elementary and Secondary Education Tax Credit**
5 **for Textbooks for Dependents**

6 **Sec. 1. As used in this chapter, "dependent" has the meaning set**
7 **forth in Section 151(c)(1)(B) of the Internal Revenue Code.**

8 **Sec. 2. As used in this chapter, "eligible dependent" means a**
9 **dependent who receives academic instruction in a grade from**
10 **kindergarten through grade 12 or the equivalent.**

11 **Sec. 3. As used in this chapter, "textbook expense" means**
12 **expense incurred by a taxpayer and paid to others for textbooks**
13 **and instructional materials for an eligible dependent. However, the**
14 **term does not include expenses for textbooks and instructional**
15 **materials for the teaching of religious tenets, doctrines, or worship**



1 when the purpose of the teaching is to instill religious tenets,
2 doctrines, or worship.

3 **Sec. 4. A taxpayer who incurs textbook expense is entitled to a**
4 **credit against the adjusted gross income tax imposed by IC 6-3 for**
5 **the taxable year during which the taxpayer incurs textbook**
6 **expense. The credit is equal to the least of:**

- 7 (1) the taxpayer's textbook expense;
8 (2) one hundred dollars (\$100) per eligible dependent; or
9 (3) two hundred dollars (\$200) per family.

10 **Sec. 8. If both spouses reside in the same household, only one (1)**
11 **credit may be claimed by the spouses under this chapter for the**
12 **taxable year. However, in the case of a husband and wife who incur**
13 **textbook expense and file separate tax returns, the husband and**
14 **wife may take the credit in equal shares or one (1) spouse may take**
15 **the entire credit.**

16 **Sec. 9. If the amount of the credit provided by this chapter that**
17 **a taxpayer uses during a particular taxable year exceeds the sum**
18 **of the taxes imposed by IC 6-3 for the taxable year after the**
19 **application of all credits that under IC 6-3.1-1-2 are to be applied**
20 **before the credit provided by this chapter, the excess shall be**
21 **returned to the taxpayer as a refund.**

22 SECTION 2. IC 6-3.1-21 IS ADDED TO THE INDIANA CODE
23 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
24 JANUARY 1, 1999 (RETROACTIVE)]:

25 **Chapter 21. Elementary and Secondary Education Tax Credit**
26 **for Fees for Academic Instruction for Dependents**

27 **Sec. 1. As used in this chapter, "academic instruction expense"**
28 **means expense incurred by a taxpayer and paid to others for**
29 **academic instruction for an eligible dependent:**

- 30 (1) in grade or age appropriate curricula outside a regular
31 school year or school day;
32 (2) in the core curriculum areas of language arts,
33 mathematics, science, or social studies; and
34 (3) for a program approved by the department of education
35 under IC 20-1-1.1-11.

36 **Sec. 2. As used in this chapter, "dependent" has the meaning set**
37 **forth in Section 151(c)(1)(B) of the Internal Revenue Code.**

38 **Sec. 3. As used in this chapter, "eligible dependent" means a**
39 **dependent who receives academic instruction in a grade from**
40 **kindergarten through grade 12 or the equivalent.**

41 **Sec. 4. As used in this chapter, "household income" means the**
42 **total adjusted gross income of an individual, or an individual and**

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1 the individual's spouse if they reside together, for the taxable year
2 for which the credit provided by this chapter is claimed.

3 **Sec. 5.** As used in this chapter, "taxpayer" means an individual
4 who has any adjusted gross income tax liability.

5 **Sec. 6.** A taxpayer who has a household income of thirty-five
6 thousand dollars (\$35,000) or less and incurs academic instruction
7 expense is entitled to a credit against the adjusted gross income tax
8 imposed by IC 6-3 for the taxable year during which the taxpayer
9 incurs academic instruction expense. The credit is equal to the
10 lesser of:

- 11 (1) the taxpayer's academic instruction expense; or
- 12 (2) five hundred dollars (\$500) per family.

13 **Sec. 7.** A taxpayer who has a household income of more than
14 thirty-five thousand dollars (\$35,000) and who incurs academic
15 instruction expense is entitled to a credit against the adjusted gross
16 income tax imposed by IC 6-3 for the taxable year during which
17 the taxpayer incurs academic instruction expense. The credit is
18 equal to the lesser of:

- 19 (1) the taxpayer's academic instruction expense; or
- 20 (2) two hundred fifty dollars (\$250) per family.

21 **Sec. 8.** If both spouses reside in the same household, only one (1)
22 credit may be claimed by the spouses under this chapter for the
23 taxable year. However, in the case of a husband and wife who incur
24 academic instruction expense and file separate tax returns, the
25 husband and wife may take the credit in equal shares or one (1)
26 spouse may take the entire credit.

27 **Sec. 9.** If the amount of the credit provided by this chapter that
28 a taxpayer uses during a particular taxable year exceeds the sum
29 of the taxes imposed by IC 6-3 for the taxable year after the
30 application of all credits that under IC 6-3.1-1-2 are to be applied
31 before the credit provided by this chapter, the excess shall be
32 returned to the taxpayer as a refund.

33 SECTION 3. IC 6-3.1-22 IS ADDED TO THE INDIANA CODE
34 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
35 JANUARY 1, 1999 (RETROACTIVE)]:

36 **Chapter 22. Professional Development Credit for Classroom**
37 **Teachers in Elementary and Secondary Schools**

38 **Sec. 1.** As used in this chapter, "accredited nonpublic school"
39 means a nonpublic school that:

- 40 (1) voluntarily seeks; and
- 41 (2) receives;

42 accreditation as authorized under IC 20-1-1-6(a)(5).



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1 **Sec. 2.** As used in this chapter, "classroom teacher" means a
 2 person who is employed in a public school or an accredited
 3 nonpublic school to provide at least four (4) hours per school day
 4 of direct student instruction.

5 **Sec. 3.** As used in this chapter, "nonpublic school" has the
 6 meaning set forth in IC 20-10.1-1-3.

7 **Sec. 4.** As used in this chapter, "public school" has the meaning
 8 set forth in IC 20-10.1-1-2.

9 **Sec. 5.** As used in this chapter, "qualified professional
 10 development expense" means an expense that is:

- 11 (1) incurred by a classroom teacher;
- 12 (2) paid by the classroom teacher to others; and
- 13 (3) incurred for enrollment of the classroom teacher in a
 14 professional development program approved by the
 15 department of education under IC 20-1-1.1-11 and attended
 16 by the classroom teacher.

17 **Sec. 6.** As used in this chapter, "taxpayer" means an individual
 18 who has any adjusted gross income tax liability.

19 **Sec. 7.** A taxpayer who incurs a qualified professional
 20 development expense is entitled to a credit against the adjusted
 21 gross income tax imposed by IC 6-3 for the taxable year during
 22 which the taxpayer incurs the qualified professional development
 23 expense. The credit is equal to the lesser of:

- 24 (1) fifty percent (50%) of the taxpayer's qualified professional
 25 development expense; or
- 26 (2) two-hundred fifty dollars (\$250).

27 SECTION 4. IC 20-1-1.1-11 IS ADDED TO THE INDIANA CODE
 28 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 29 JANUARY 1, 1999 (RETROACTIVE)]: **Sec. 11.** The department
 30 shall develop criteria and establish and publish a list of programs
 31 that the department approves and that meet the criteria provided
 32 by statute for purposes of a tax credit for the following:

- 33 (1) Academic instruction for dependents under IC 6-3.1-21.
- 34 (2) Classroom teacher professional development under
 35 IC 6-3.1-22.

36 SECTION 5. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:
 37 IC 6-3.1-20, IC 6-3.1-21, and IC 6-3.1-22, all as added by this act,
 38 apply only to taxable years beginning after December 31, 1998.

39 SECTION 6. An emergency is declared for this act.

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