

HOUSE BILL No. 1982

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-16-3; IC 6-3-3-11; IC 20-12-74.

Synopsis: Hoosier education loan program for scholars. Provides a refundable income tax credit to assist in repaying student loans for certain persons who graduate with a B average from Indiana high schools and Indiana institutions of higher learning. Provides this credit for each of the five years following graduation, if the graduate resides and is employed in Indiana. Establishes the annual amount of the credit at \$1,200 for a graduate of a state institution and \$1,500 for a graduate of a nonprofit institution. Provides for administration of the program by the state student assistance commission and funding from lottery revenues.

Effective: January 1, 1999 (retroactive); July 1, 1999.

Klinker, Buell, Leuck, Pond

January 27, 1999, read first time and referred to Committee on Ways and Means.

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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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HOUSE BILL No. 1982



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 4-30-16-3 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) The commission
 3 shall transfer the surplus revenue in the administrative trust fund as
 4 follows:
 5 (1) Before the last business day of January, April, July, and
 6 October, the commission shall transfer to the treasurer of state,
 7 for deposit in the Indiana state teachers' retirement fund
 8 (IC 21-6.1-2), an amount equal to the lesser of:
 9 (A) seven million five hundred thousand dollars
 10 (\$7,500,000); or
 11 (B) the additional quarterly contribution needed so that the
 12 ratio of the unfunded liability of the Indiana state teachers'
 13 retirement fund compared to total active teacher payroll is
 14 as close as possible to but not greater than the ratio that
 15 existed on the preceding July 1.
 16 On or before June 15 of each year, the board of trustees of the
 17 Indiana state teachers' retirement fund shall submit to the



1 treasurer of state, each member of the pension management
 2 oversight commission, and the auditor of state its estimate of the
 3 quarterly amount needed to freeze the unfunded accrued liability
 4 of the pre-1996 account (as defined in IC 21-6.1-1-6.9) as a
 5 percent of payroll. The estimate shall be based on the most
 6 recent actuarial valuation of the fund. Notwithstanding any other
 7 law, including any appropriations law resulting from a budget
 8 bill (as defined in IC 4-12-1-2), the money transferred under this
 9 subdivision shall be set aside in a special account to be used as
 10 a credit against the unfunded accrued liability of the pre-1996
 11 account (as defined in IC 21-6.1-1-6.9) of the Indiana state
 12 teachers' retirement fund. The money transferred is in addition
 13 to the appropriation needed to pay benefits for the state fiscal
 14 year.

15 (2) Before the last business day of January, April, July, and
 16 October, the commission shall transfer two million five hundred
 17 thousand dollars (\$2,500,000) of the surplus revenue to the
 18 treasurer of state for deposit in the pension relief fund
 19 (IC 5-10.3-11).

20 **(3) Before the last business day of January, April, July, and**
 21 **October, the commission shall transfer from the surplus**
 22 **revenue to the treasurer of state for deposit in the state**
 23 **general fund an amount equivalent to the total dollar amount**
 24 **of tax credits allowed under IC 6-3-3-11.**

25 ~~(3)~~ (4) The surplus revenue remaining in the fund on the last day
 26 of January, April, July, and October after the transfers under
 27 subdivisions (1), ~~and~~ (2), **and** (3) shall be transferred by the
 28 commission to the treasurer of state for deposit on that day in the
 29 build Indiana fund.

30 (b) The commission may make transfers to the treasurer of state
 31 more frequently than required by subsection (a). However, the number
 32 of transfers does not affect the amount that is required to be transferred
 33 for the purposes listed in subsection (a)(1), ~~and~~ (a)(2), **and** (a)(3). Any
 34 amount transferred during the month in excess of the amount required
 35 to be transferred for the purposes listed in subsection (a)(1), ~~and~~ (a)(2),
 36 **and** (a)(3) shall be transferred to the build Indiana fund.

37 SECTION 2. IC 6-3-3-11 IS ADDED TO THE INDIANA CODE
 38 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE
 39 JANUARY 1, 1999 (RETROACTIVE)]: **Sec. 11. (a) As used in this**
 40 **section, "approved institution of higher learning" has the meaning**
 41 **set forth in IC 20-12-22.1-3.**

42 (b) As used in this section, "eligible individual" has the

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1 meaning set forth in IC 20-12-74-3.

2 (c) As used in this section, "Hoosier education loan program
3 for scholars" refers to the program established under IC 20-12-74.

4 (d) Subject to this section and IC 20-12-74, a taxpayer who is
5 an eligible individual under the Hoosier education loan program
6 for scholars is entitled to a refundable credit against the taxpayer's
7 adjusted gross income tax liability for each of five (5) consecutive
8 taxable years beginning with the first taxable year following the
9 taxpayer's graduation from an approved institution of higher
10 learning.

11 (e) The amount of the credit under this section is equal to the
12 following:

13 (1) For a taxpayer who graduates from an approved
14 institution of higher learning that is a state operated
15 institution, one thousand two hundred dollars (\$1,200) for
16 each year in which the taxpayer is entitled to a credit.

17 (2) For a taxpayer who graduates from an approved
18 institution of higher learning that is a nonprofit institution,
19 one thousand five hundred dollars (\$1,500) for each year in
20 which the taxpayer is entitled to a credit.

21 (f) In a joint return, each taxpayer who is an eligible individual
22 is entitled to receive a credit under this section.

23 (g) A credit under this section shall be claimed in conformity
24 with the procedures established by the department of state
25 revenue.

26 SECTION 3. IC 20-12-74 IS ADDED TO THE INDIANA CODE
27 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 1999]:

29 **Chapter 74. The Hoosier Education Loan Program for
30 Scholars**

31 **Sec. 1.** As used in this chapter, "approved institution of higher
32 learning" has the meaning set forth in IC 20-12-22.1-3.

33 **Sec. 2.** As used in this chapter, "commission" refers to the
34 state student assistance commission established by IC 20-12-21-4.

35 **Sec. 3.** As used in this chapter, "eligible individual" means an
36 individual that the commission has identified as meeting the
37 criteria listed in section 7 of this chapter.

38 **Sec. 4.** As used in this chapter, "program" refers to the
39 Hoosier education loan program for scholars created by section 5
40 of this chapter.

41 **Sec. 5.** The Hoosier education loan program for scholars is
42 created to do the following:



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- 1 **(1) Increase the ability to repay higher education loans**
 2 **through providing a tax credit for eligible individuals under**
 3 **IC 6-3-3-11.**
 4 **(2) Encourage high student performance in high school and**
 5 **approved institutions of higher education.**
 6 **(3) Encourage the completion of higher education degrees.**
 7 **(4) Encourage well-prepared students to remain in the**
 8 **Indiana workforce.**
 9 **Sec. 6. (a) The commission shall:**
 10 **(1) determine eligibility, policy issues, and definitions for the**
 11 **program;**
 12 **(2) identify eligible individuals; and**
 13 **(3) upon request, advise the department of state revenue in**
 14 **the administration of the tax credit under IC 6-3-3-11.**
 15 **(b) The commission shall adopt rules under IC 4-22-2 to carry**
 16 **out the commission's responsibilities under the program.**
 17 **Sec. 7. The commission shall establish criteria for eligibility**
 18 **under the program that must include the following:**
 19 **(1) Graduation from an Indiana high school while a resident**
 20 **of Indiana.**
 21 **(2) Completion of the Core 40 high school curriculum with**
 22 **a grade average of at least a "B" or its numeric equivalent.**
 23 **(3) Graduation from an approved institution of higher**
 24 **learning with:**
 25 **(A) an associate or a baccalaureate degree; and**
 26 **(B) a grade average of at least a "B" or its numeric**
 27 **equivalent.**
 28 **(4) During a taxable year for which a tax credit is claimed**
 29 **under IC 6-3-3-11, be a resident of Indiana and be employed**
 30 **in Indiana.**
 31 **SECTION 4. [EFFECTIVE JANUARY 1, 1999**
 32 **(RETROACTIVE)] IC 6-3-3-11, as added by this act, applies only to**
 33 **taxable years beginning after December 31, 1998.**
 34 **SECTION 5. An emergency is declared for this act.**

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