
HOUSE BILL No. 1316

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-22; IC 6-3.1-34.

Synopsis: Income tax credit for education expenses. Provides that the adjusted gross income tax deduction for unreimbursed expenditures made in connection with a dependent child's enrollment in a nonpublic school or accredited nonpublic school applies only to a taxable year beginning in 2011. For taxable years beginning after 2011, provides a refundable income tax credit for an unreimbursed education expenditure made by a taxpayer for an eligible dependent enrolled in a public school or an accredited nonpublic school if the taxpayer's household income is not more than 350% of the federal poverty level. Provides that the maximum credit amount is \$1,000.

Effective: January 1, 2012 (retroactive).

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January 11, 2012, read first time and referred to Committee on Ways and Means.

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Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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HOUSE BILL No. 1316



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 6-3-2-22, AS AMENDED BY P.L.229-2011,
 2 SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 22. (a) The following
 4 definitions apply throughout this section:
 5 (1) "Dependent child" means an individual who:
 6 (A) is eligible to receive a free elementary or high school
 7 education in an Indiana school corporation;
 8 (B) qualifies as a dependent (as defined in Section 152 of the
 9 Internal Revenue Code) of the taxpayer; and
 10 (C) is the natural or adopted child of the taxpayer or, if custody
 11 of the child has been awarded in a court proceeding to
 12 someone other than the mother or father, the court appointed
 13 guardian or custodian of the child.
 14 If the parents of a child are divorced, the term refers to the parent
 15 who is eligible to take the exemption for the child under Section
 16 151 of the Internal Revenue Code.
 17 (2) "Education expenditure" refers to any expenditures made in



1 connection with enrollment, attendance, or participation of the
 2 taxpayer's dependent child in a private elementary or high school
 3 education program. The term includes tuition, fees, computer
 4 software, textbooks, workbooks, curricula, school supplies (other
 5 than personal computers), and other written materials used
 6 primarily for academic instruction or for academic tutoring, or
 7 both.

8 (3) "Private elementary or high school education program" means
 9 attendance at:

10 (A) a nonpublic school (as defined in IC 20-18-2-12); or

11 (B) an accredited nonpublic school;

12 in Indiana that satisfies a child's obligation under IC 20-33-2 for
 13 compulsory attendance at a school. The term does not include the
 14 delivery of instructional service in a home setting to a dependent
 15 child who is enrolled in a school corporation or a charter school.

16 (b) This section applies to a taxable ~~years year~~ beginning ~~after~~
 17 ~~December 31, 2010~~; **in 2011**.

18 (c) A taxpayer who makes an unreimbursed education expenditure
 19 during the taxpayer's taxable year is entitled to a deduction against the
 20 taxpayer's adjusted gross income in the taxable year.

21 (d) The amount of the deduction is:

22 (1) one thousand dollars (\$1,000); multiplied by

23 (2) the number of the taxpayer's dependent children for whom the
 24 taxpayer made education expenditures in the taxable year.

25 A husband and wife are entitled to only one (1) deduction under this
 26 section.

27 (e) To receive the deduction provided by this section, a taxpayer
 28 must claim the deduction on the taxpayer's annual state tax return or
 29 returns in the manner prescribed by the department.

30 **(f) This section expires December 31, 2012.**

31 SECTION 2. IC 6-3.1-34 IS ADDED TO THE INDIANA CODE
 32 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 33 JANUARY 1, 2012 (RETROACTIVE)]:

34 **Chapter 34. Tax Credit for Elementary and Secondary**
 35 **Education Textbooks**

36 **Sec. 1. As used in this chapter, "accredited nonpublic school"**
 37 **has the meaning set forth in IC 21-7-13-4.**

38 **Sec. 2. For the purposes of this chapter, "education**
 39 **expenditure" refers to any expenditures made in connection with**
 40 **enrollment, attendance, or participation of the qualifying**
 41 **taxpayer's eligible dependent in a public school or an accredited**
 42 **nonpublic school. The term includes expenditures for tuition, fees,**

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1 computer software, textbooks, workbooks, curricula, school
 2 supplies (other than personal computers), and other written
 3 materials used primarily for academic instruction or for academic
 4 tutoring, or both.

5 **Sec. 3.** For the purposes of this chapter, the "federal poverty
 6 level" that applies to a taxpayer is the figure that applies to a
 7 family consisting of the same number of persons as the family of
 8 the taxpayer under the applicable poverty guidelines issued each
 9 year by the United States Department of Health and Human
 10 Services and published in the Federal Register.

11 **Sec. 4.** As used in this chapter, "eligible dependent" means a
 12 dependent who is enrolled in any grade from kindergarten through
 13 grade 12 in a public school or an accredited nonpublic school.

14 **Sec. 5.** As used in this chapter, "public school" has the meaning
 15 set forth in IC 20-18-2-15.

16 **Sec. 6.** As used in this chapter, "qualifying taxpayer" means a
 17 taxpayer with a household income that is not more than three
 18 hundred fifty percent (350%) of the federal poverty level.

19 **Sec. 7. (a)** For taxable years beginning after December 31, 2011,
 20 a qualifying taxpayer who makes an unreimbursed education
 21 expenditure is entitled to a credit against the adjusted gross income
 22 tax imposed on the qualifying taxpayer by IC 6-3 for the taxable
 23 year during which the qualifying taxpayer makes the education
 24 expenditure.

25 **(b)** The amount of the credit to which a qualifying taxpayer is
 26 entitled under this section is the lesser of:

27 (1) one thousand dollars (\$1,000); or

28 (2) in the case of a qualifying taxpayer:

29 (A) with a household income that is less than or equal to
 30 two hundred fifty percent (250%) of the federal poverty
 31 level, the full amount of the qualifying taxpayer's
 32 education expenditure;

33 (B) with a household income that is:

- 34 (i) greater than two hundred fifty percent (250%); and
 35 (ii) less than or equal to two hundred seventy percent
 36 (270%);

37 of the federal poverty level, eighty percent (80%) of the
 38 qualifying taxpayer's education expenditure;

39 (C) with a household income that is:

- 40 (i) greater than two hundred seventy percent (270%);
 41 and
 42 (ii) less than or equal to two hundred ninety percent

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1 (290%);
 2 of the federal poverty level, sixty percent (60%) of the
 3 qualifying taxpayer's education expenditure;
 4 (D) with a household income that is:
 5 (i) greater than two hundred ninety percent (290%); and
 6 (ii) less than or equal to three hundred ten percent
 7 (310%);
 8 of the federal poverty level, forty percent (40%) of the
 9 qualifying taxpayer's education expenditure; or
 10 (E) with a household income that is:
 11 (i) greater than three hundred ten percent (310%); and
 12 (ii) less than or equal to three hundred fifty percent
 13 (350%);
 14 of the federal poverty level, twenty percent (20%) of the
 15 qualifying taxpayer's education expenditure.
 16 **Sec. 8.** If the amount of the credit provided by this chapter to a
 17 qualifying taxpayer during a particular taxable year exceeds the
 18 sum of the taxes imposed on the qualifying taxpayer by IC 6-3 for
 19 the taxable year after the application of all credits that, under
 20 IC 6-3.1-1-2, are to be applied before the credit provided by this
 21 chapter, the excess shall be returned to the qualifying taxpayer as
 22 a refund.
 23 **Sec. 9. (a)** A qualifying taxpayer claiming a credit under this
 24 chapter must claim the credit on the qualifying taxpayer's annual
 25 state tax return or returns in the manner prescribed by the
 26 department.
 27 (b) The qualifying taxpayer shall submit to the department all
 28 information that the department determines is necessary for the
 29 calculation of the credit provided by this chapter and the
 30 determination of whether the credit is properly claimed.
 31 **Sec. 10.** The department shall adopt rules under IC 4-22-2 to
 32 carry out this chapter.
 33 **SECTION 3.** An emergency is declared for this act.

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