



March 29, 2013

ENGROSSED HOUSE BILL No. 1003

DIGEST OF HB 1003 (Updated March 27, 2013 3:20 pm - DI 116)

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

Synopsis: School scholarships. Provides that a taxpayer may carry forward a school scholarship income tax credit for a taxable year that begins after December 31, 2012. Specifies eligibility standards for choice scholarships. Increases the choice scholarship cap for students enrolled in grades 1 through 8. Makes various administrative changes to the choice scholarship program. Removes a provision that allows the department to make only a partial choice scholarship grant. Makes conforming amendments.

Effective: January 1, 2013 (retroactive); July 1, 2013.

Behning, Huston

(SENATE SPONSORS — ECKERTY, YODER, KRUSE, LEISING)

January 15, 2013, read first time and referred to Committee on Education.
February 11, 2013, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.
February 18, 2013, amended, reported — Do Pass.
February 20, 2013, read second time, ordered engrossed. Engrossed.
February 21, 2013, read third time, passed. Yeas 57, nays 36.

SENATE ACTION

February 27, 2013, read first time and referred to Committee on Education and Career Development.
March 28, 2013, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.

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EH 1003—LS 7326/DI 116+



March 29, 2013

First Regular Session 118th General Assembly (2013)

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 2012 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1003

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

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

- 1 SECTION 1. IC 6-3.1-30.5-9, AS ADDED BY P.L.182-2009(ss),
2 SECTION 205, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]: Sec. 9. **(a) This**
4 **section applies to a taxpayer that is entitled to a tax credit under**
5 **this chapter for a taxable year beginning before January 1, 2013.**
6 **(b) A taxpayer is not entitled to a carryover, carryback, or refund of**
7 **an unused credit.**
8 **(c) This section expires January 1, 2017.**
9 SECTION 2. IC 6-3.1-30.5-9.5 IS ADDED TO THE INDIANA
10 CODE AS A NEW SECTION TO READ AS FOLLOWS
11 [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]: Sec. 9.5. **(a)**
12 **This section applies to a taxpayer that is entitled to a tax credit**
13 **under this chapter for a taxable year beginning after December 31,**
14 **2012.**
15 **(b) If the credit provided by this chapter exceeds the taxpayer's**
16 **state tax liability for the taxable year for which the credit is first**
17 **claimed, the excess may be carried forward to succeeding taxable**

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1 years and used as a credit against the taxpayer's state tax liability
 2 during those taxable years. Each time the credit is carried forward
 3 to a succeeding taxable year, the credit is reduced by the amount
 4 that was used as a credit during the immediately preceding taxable
 5 year. The credit provided by this chapter may be carried forward
 6 and applied to succeeding taxable years for nine (9) taxable years
 7 following the unused credit year.

8 (c) A taxpayer is not entitled to a carryback or refund of any
 9 unused credit.

10 SECTION 3. IC 6-3.1-30.5-13, AS AMENDED BY P.L.92-2011,
 11 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2013]: Sec. 13. The total amount of tax credits awarded under
 13 this chapter may not exceed ~~five~~ **ten** million dollars (~~\$5,000,000~~)
 14 (**\$10,000,000**) in a state fiscal year.

15 SECTION 4. IC 20-51-1-4.3 IS ADDED TO THE INDIANA CODE
 16 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 17 1, 2013]: Sec. 4.3. "Eligible choice scholarship student" refers to an
 18 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; and
 23 (3) meets at least one (1) of the following conditions:

24 (A) The individual is:

- 25 (i) a child with a disability who requires special
 26 education and for whom an individualized education
 27 program has been developed under IC 20-35; and
 28 (ii) a member of a household with an annual income of
 29 not more than two hundred percent (200%) of the
 30 amount required for the individual to qualify for the
 31 federal free or reduced price lunch program.

32 (B) The individual resides in the attendance zone of a
 33 public school that has been placed in either:

- 34 (i) the lowest category or designation of school
 35 improvement under IC 20-31-8-4 under the categories or
 36 designations in effect on June 30, 2013; or
 37 (ii) the lowest category or designation for academic
 38 growth and either one (1) of the two (2) lowest categories
 39 or designations for performance under IC 20-31-8-4
 40 under the categories or designations established after
 41 June 30, 2013, for at least two (2) years;

42 and except as provided in IC 20-51-4-2.5, the individual is

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1 a member of a household with an annual income of not
 2 more than one hundred fifty percent (150%) of the amount
 3 required for the individual to qualify for the federal free or
 4 reduced price lunch program. An individual to whom this
 5 clause applies is not required to attend the public school
 6 before becoming eligible for a choice scholarship, and may
 7 not be required to return to the public school if the public
 8 school is placed in higher categories or designations under
 9 IC 20-31-8-4.

10 (C) Except as provided in IC 20-51-4-2.5, the individual is
 11 a member of a household with an annual income of not
 12 more than one hundred fifty percent (150%) of the amount
 13 required for the individual to qualify for the federal free or
 14 reduced price lunch program and the individual was
 15 enrolled in kindergarten through grade 12:

16 (i) before July 1, 2014, in a public school, including a
 17 charter school, in Indiana; and

18 (ii) after June 30, 2014, in a public school, not including
 19 a charter school, in Indiana;

20 for at least two (2) semesters immediately preceding the
 21 first semester for which the individual receives a choice
 22 scholarship under IC 20-51-4.

23 (D) The individual or a sibling of the individual:

24 (i) received a scholarship from a scholarship granting
 25 organization under IC 20-51-3 or a choice scholarship
 26 under IC 20-51-4 in a preceding school year, including a
 27 school year that does not immediately precede a school
 28 year in which the individual receives a scholarship from
 29 a scholarship granting organization under IC 20-51-3 or
 30 a choice scholarship under IC 20-51-4; and

31 (ii) except as provided in IC 20-51-4-2.5, is a member of
 32 a household with an annual income of not more than one
 33 hundred fifty percent (150%) of the amount required for
 34 the individual to qualify for the federal free or reduced
 35 price lunch program.

36 SECTION 5. IC 20-51-1-4.5 IS REPEALED [EFFECTIVE JULY
 37 1, 2013]. Sec. 4.5. "Eligible individual" refers to an individual who:

38 (1) has legal settlement in Indiana;

39 (2) is at least five (5) years of age and less than twenty-two (22)
 40 years of age on the date in the school year specified in
 41 IC 20-33-2-7;

42 (3) either has been or is currently enrolled in an accredited school;

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1 (4) is a member of a household with an annual income of not
 2 more than one hundred fifty percent (150%) of the amount
 3 required for the individual to qualify for the federal free or
 4 reduced price lunch program; and

5 (5) either:

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

11 (B) received a scholarship from a scholarship granting
 12 organization under IC 20-51-3 or a choice scholarship under
 13 IC 20-51-4 in a preceding school year, including a school year
 14 that does not immediately precede a school year in which the
 15 individual receives a scholarship from a scholarship granting
 16 organization under IC 20-51-3 or a choice scholarship under
 17 IC 20-51-4.

18 SECTION 6. IC 20-51-1-4.7, AS ADDED BY P.L.92-2011,
 19 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2013]: Sec. 4.7. "Eligible school" refers to a public or
 21 nonpublic elementary school or high school that:

22 (1) is located in Indiana;

23 (2) requires an eligible **individual choice scholarship student** to
 24 pay tuition or transfer tuition to attend;

25 (3) voluntarily agrees to enroll an eligible **individual; choice**
 26 **scholarship student;**

27 (4) is accredited by either the state board or a national or regional
 28 accreditation agency that is recognized by the state board;

29 (5) administers the Indiana statewide testing for educational
 30 progress (ISTEP) program under IC 20-32-5;

31 (6) is not a charter school or the school corporation in which an
 32 eligible **individual choice scholarship student** has legal
 33 settlement under IC 20-26-11; and

34 (7) submits to the department **only the student performance** data
 35 required for a category designation under IC 20-31-8-3.

36 SECTION 7. IC 20-51-1-5, AS AMENDED BY P.L.129-2012,
 37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2013]: Sec. 5. "Eligible student" refers to an individual who:

39 (1) has legal settlement in Indiana;

40 (2) is at least five (5) years of age and less than twenty-two (22)
 41 years of age on the date in the school year specified in
 42 IC 20-33-2-7;



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1 (3) either has been or is currently enrolled in a participating
2 school; **and**

3 (4) is a member of a household with an annual income of not
4 more than two hundred percent (200%) of the amount required for
5 the individual to qualify for the federal free or reduced price
6 lunch program. **and**

7 (5) meets at least one (1) of the following conditions:

8 (A) The individual is enrolling in kindergarten.

9 (B) The individual was enrolled in a public school during the
10 school year preceding the first school year for which a
11 scholarship granting organization provides a scholarship to the
12 individual.

13 (C) The individual received a scholarship in the previous year
14 from a nonprofit scholarship granting organization that
15 qualifies for certification as a school scholarship program.

16 (D) The individual received a school scholarship from a
17 scholarship granting organization in a preceding year;
18 including a school year that does not immediately precede a
19 school year in which the individual receives a scholarship
20 from a scholarship granting organization.

21 SECTION 8. IC 20-51-3-3, AS ADDED BY P.L.182-2009(ss),
22 SECTION 364, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JULY 1, 2013]: Sec. 3. An agreement entered into under
24 section 1 of this chapter between the department and a scholarship
25 granting organization must require the scholarship granting
26 organization to do the following:

27 (1) Provide a receipt to taxpayers for contributions made to the
28 scholarship granting organization that will be used in a school
29 scholarship program. The department of state revenue shall
30 prescribe a standardized form for the receipt issued under this
31 subdivision. The receipt must indicate the value of the
32 contribution and part of the contribution being designated for use
33 in a school scholarship program.

34 **(2) Allow a taxpayer to designate a participating school for
35 which the taxpayer's contribution must be used as
36 scholarships.**

37 (2) Distribute at least ninety percent (90%) of the total amount of
38 contributions as school scholarships to eligible students.

39 **(3) Use not more than ten percent (10%) of the total amount
40 of contributions for administrative costs.**

41 (3) (4) Distribute one hundred percent (100%) of any income
42 earned on contributions as school scholarships to eligible

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- 1 students.
- 2 ~~(4)~~**(5)** Conduct criminal background checks on all the scholarship
- 3 granting organization's employees and board members and
- 4 exclude from employment or governance any individual who
- 5 might reasonably pose a risk to the appropriate use of contributed
- 6 funds.
- 7 ~~(5)~~**(6)** Make the reports required by this chapter.
- 8 SECTION 9. IC 20-51-4-2, AS ADDED BY P.L.92-2011,
- 9 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 10 JULY 1, 2013]: Sec. 2. (a) Subject to subsection (b), an eligible
- 11 ~~individual~~ **choice scholarship student** is entitled to a choice
- 12 scholarship under this chapter for each school year beginning after
- 13 June 30, 2011, that the eligible **choice scholarship** student enrolls in
- 14 an eligible school.
- 15 (b) The department may not award more than:
- 16 (1) seven thousand five hundred (7,500) choice scholarships for
- 17 the school year beginning July 1, 2011, and ending June 30, 2012;
- 18 and
- 19 (2) fifteen thousand (15,000) choice scholarships for the school
- 20 year beginning July 1, 2012, and ending June 30, 2013.
- 21 The department shall establish the standards used to allocate choice
- 22 scholarships among eligible **choice scholarship** students.
- 23 SECTION 10. IC 20-51-4-2.5 IS ADDED TO THE INDIANA
- 24 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 25 [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. Notwithstanding**
- 26 **IC 20-51-1-4.3(3)(B), IC 20-51-1-4.3(3)(C), or**
- 27 **IC 20-51-1-4.3(3)(D)(ii), an individual who initially meets the**
- 28 **income requirements under IC 20-51-1-4.3(3)(B),**
- 29 **IC 20-51-1-4.3(3)(C), or IC 20-51-1-4.3(3)(D)(ii) and is a member**
- 30 **of a household whose income subsequently increases is considered**
- 31 **to meet the income requirements for as long as the individual is**
- 32 **enrolled in a participating school and is a member of a household**
- 33 **with an annual income of not more than two hundred percent**
- 34 **(200%) of the amount required for the individual to qualify for the**
- 35 **federal free or reduced price lunch program.**
- 36 SECTION 11. IC 20-51-4-4, AS ADDED BY P.L.92-2011,
- 37 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 38 JULY 1, 2013]: Sec. 4. The ~~maximum~~ amount to ~~which~~ an eligible
- 39 ~~individual~~ **choice scholarship student** is entitled to **receive** under this
- 40 chapter for a school year is equal to the least of the following:
- 41 (1) The sum of the tuition, transfer tuition, and fees required for
- 42 enrollment or attendance of the eligible **choice scholarship**

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1 student at the eligible school selected by the eligible ~~individual~~
 2 **choice scholarship student** for a school year that the eligible
 3 ~~individual (or the parent of the eligible individual)~~ **choice**
 4 **scholarship student (or the parent of the eligible choice**
 5 **scholarship student)** would otherwise be obligated to pay to the
 6 eligible school.

7 (2) An amount equal to:

8 (A) ninety percent (90%) of the state tuition support amount
 9 determined under section 5 of this chapter if the eligible
 10 ~~individual~~ **choice scholarship student** is a member of a
 11 household with an annual income of not more than the amount
 12 required for the individual to qualify for the federal free or
 13 reduced price lunch program; and

14 (B) fifty percent (50%) of the state tuition support amount
 15 determined under section 5 of this chapter if the eligible
 16 ~~individual~~ **choice scholarship student** is a member of a
 17 household with an annual income of not more than one
 18 hundred fifty percent (150%) of the amount required for the
 19 ~~individual~~ **eligible choice scholarship student** to qualify for
 20 the federal free or reduced price lunch program.

21 (3) If the eligible ~~individual~~ **choice scholarship student** is
 22 enrolled in grade 1 through 8, the maximum choice scholarship
 23 that the eligible ~~individual~~ **choice scholarship student** may
 24 receive for a school year:

25 (A) **beginning before July 1, 2013**, is four thousand five
 26 hundred dollars (\$4,500);

27 (B) **beginning after June 30, 2013, and before July 1, 2014,**
 28 **four thousand six hundred dollars (\$4,600); and**

29 (C) **beginning after June 30, 2014, four thousand seven**
 30 **hundred dollars (\$4,700).**

31 SECTION 12. IC 20-51-4-5, AS AMENDED BY P.L.6-2012,
 32 SECTION 145, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2013]: Sec. 5. The state tuition support amount
 34 to be used in section 4(2) of this chapter for an eligible ~~individual~~
 35 **choice scholarship student** is the amount determined under the last
 36 STEP of the following formula:

37 STEP ONE: Determine the school corporation in which the
 38 eligible ~~individual~~ **choice scholarship student** has legal
 39 settlement.

40 STEP TWO: Determine the amount of state tuition support that
 41 the school corporation identified under STEP ONE is eligible to
 42 receive under IC 20-43 for the calendar year in which the current

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1 school year begins, excluding amounts provided for special
 2 education grants under IC 20-43-7 and career and technical
 3 education grants under IC 20-43-8.

4 STEP THREE: Determine the result of:

5 (A) the STEP TWO amount; divided by

6 (B) the current ADM (as defined in IC 20-43-1-10) for the
 7 school corporation identified under STEP ONE for the
 8 calendar year used in STEP TWO.

9 SECTION 13. IC 20-51-4-6, AS ADDED BY P.L.92-2011,
 10 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2013]: Sec. 6. (a) If an eligible **individual choice scholarship**
 12 **student** enrolls in an eligible school for less than an entire school year,
 13 the choice scholarship provided under this chapter for that school year
 14 shall be reduced on a prorated basis to reflect the shorter school term.

15 (b) An eligible **individual choice scholarship student** is entitled to
 16 only one (1) choice scholarship for each school year. If the eligible
 17 **individual choice scholarship student** leaves the eligible school for
 18 which the eligible **individual choice scholarship student** was awarded
 19 a choice scholarship and enrolls in another eligible school, the eligible
 20 **individual choice scholarship student** is responsible for the payment
 21 of any tuition required for the remainder of that school year.

22 SECTION 14. IC 20-51-4-7, AS ADDED BY P.L.92-2011,
 23 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2013]: Sec. 7. (a) The department shall administer this
 25 chapter.

26 (b) **The department shall approve an application for an eligible**
 27 **school within fifteen (15) days after the date the school requests to**
 28 **participate in the choice scholarship program.**

29 (c) **The department shall approve an application for a choice**
 30 **scholarship student within fifteen (15) days after the date the**
 31 **student requests to participate in the choice scholarship program.**

32 (d) **Each year, at a minimum, the department shall accept**
 33 **applications from March 1 through September 1 for:**

34 (1) **choice scholarship students; or**

35 (2) **eligible schools;**

36 **for the upcoming school year.**

37 ~~(b)~~ (e) The department shall adopt rules under IC 4-22-2 to
 38 implement this chapter.

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

41 SECTION 15. IC 20-51-4-10, AS ADDED BY P.L.92-2011,
 42 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2013]: Sec. 10. The department may distribute ~~any part of a~~
 2 **the choice scholarship** to the eligible ~~individual (or the parent of the~~
 3 ~~eligible individual)~~ **choice scholarship student (or the parent of the**
 4 **eligible choice scholarship student)** for the purpose of paying the
 5 educational costs described in section 4(1) of this chapter. For the
 6 distribution to be valid, the distribution must be endorsed by both the
 7 eligible ~~individual (or the parent of the eligible individual)~~ **choice**
 8 **scholarship student (or the parent of the eligible choice scholarship**
 9 **student)** and the eligible school providing educational services to the
 10 eligible ~~individual:~~ **choice scholarship student.**

11 SECTION 16. IC 20-51-4-11, AS ADDED BY P.L.92-2011,
 12 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2013]: Sec. 11. The amount of a choice scholarship provided
 14 to an eligible ~~individual~~ **choice scholarship student** shall not be
 15 treated as income or a resource for the purposes of qualifying for any
 16 other federal or state grant or program administered by the state or a
 17 political subdivision.

18 SECTION 17. **An emergency is declared for this act.**

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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 5, line 13, after ""Contribution"" delete ";" and insert ":".

Page 5, line 15, delete "or" and insert "**and**".

Page 7, between lines 26 and 27, begin a new line block indented and insert:

"(2) is a program of early education services that:

(A) meets the standards of quality recognized by a Level 3 or Level 4 Paths to QUALITY program rating;

(B) is nationally accredited by an accrediting body recognized by the division or the state board of education;

(C) is accredited by the state board of education;

(D) is provided, before July 1, 2014, by an eligible school (as defined in IC 20-51-1-4.7); or

(E) is provided, before July 1, 2014, by a participating school (as defined in IC 20-51-1-6);"

Page 7, delete lines 27 through 31.

Page 7, line 34, delete "individual;" and insert "**preschool student;**".

Page 8, line 39, delete "department" and insert "**division**".

Page 9, line 13, after "eligible" insert "**preschool**".

Page 10, line 27, delete "department" and insert "**division**".

Page 10, delete lines 35 through 41, begin a new line block indented and insert:

"(3) The total number and total dollar amount of preschool education scholarships awarded during the previous school year."

Page 12, line 6, delete "care." and insert "**care (as defined in IC 31-9-2-46.7).**".

Page 12, line 7, after "The" insert "**individual is a member of a household with an annual income of not more than three hundred percent (300%) of the amount required for the individual to qualify for the federal free or reduced lunch program, and the**".

Page 14, line 1, after "department" insert "**only the student performance**".

Page 15, line 38, after "IC 20-51-1-4.3(3)(F)(ii)" delete ",".

Page 16, line 18, after "chapter" insert "**and, if applicable, any amount that a school corporation in which the student has legal settlement would receive under IC 20-43-7 for the student if the**

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student attended the school corporation".

Page 16, line 28, after "(B)" insert "**for**".

Page 16, line 31, after "chapter" insert "**and, if applicable, any amount that a school corporation in which the student has legal settlement would receive under IC 20-43-7 for the student if the student attended the school corporation**".

Page 16, line 38, strike "individual" and insert "**choice scholarship student**".

Page 16, line 39, strike "individual" and insert "**choice scholarship student**".

Page 17, between lines 38 and 39, begin a new paragraph and insert:
"SECTION 25. IC 20-51-4-7, AS ADDED BY P.L.92-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 7. (a) The department shall administer this chapter.

(b) The department shall approve an application for an eligible school within fifteen (15) days after the date the school requests to participate in the choice scholarship program.

(c) The department shall approve an application for a choice scholarship student within fifteen (15) days after the date the student requests to participate in the choice scholarship program.

(d) Each year, at a minimum, the department shall accept applications from March 1 through September 1 for:

- (1) choice scholarship students; or**
- (2) eligible schools;**

for the upcoming school year.

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

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

Page 18, line 8, after "student." insert "**The choice scholarship shall be distributed in the same manner that state tuition support is distributed under IC 20-43-2-1.**".

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 9, nays 3.



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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, 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, delete lines 1 through 17.

Page 2, delete lines 1 through 29.

Page 3, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-30.5-13, AS AMENDED BY P.L.92-2011, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 13. The total amount of tax credits awarded under this chapter **and IC 6-3.1-34** may not exceed ~~five ten~~ million dollars (~~\$5,000,000~~) **(\$10,000,000)** in a state fiscal year."

Page 4, line 39, after "chapter" insert "**and IC 6-3.1-30.5**".

Page 4, line 39, delete "**five million dollars (\$5,000,000)**" and insert "**ten million dollars (\$10,000,000)**".

Page 12, delete lines 4 through 18, begin a new line block indented and insert:

"(3) meets at least one (1) of the following conditions:

(A) The individual is:

- (i) a child with a disability who requires special education under IC 20-35; and**
- (ii) a member of a household with an annual income of not more than two hundred percent (200%) of the amount required for the individual to qualify for the federal free or reduced lunch program.**

(B) The individual is:

- (i) in foster care (as defined in IC 31-9-2-46.7); and**
- (ii) a member of a household with an annual income of not more than two hundred percent (200%) of the amount required for the individual to qualify for the federal free or reduced lunch program.**

(C) The individual:

- (i) is a member of a household with an annual income of not more than two hundred percent (200%) of the amount required for the individual to qualify for the federal free or reduced lunch program;**
- (ii) was enrolled in grade 1 through grade 12 in a public school within or outside Indiana before the first semester for which the individual receives a choice scholarship under IC 20-51-4; and**
- (iii) has a parent who has served in the armed forces of**



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the United States or national guard and has received an honorable discharge, or is currently serving on active duty service in the armed forces of the United States or national guard."

Page 12, line 21, delete "or outside".

Page 12, delete line 42, begin a new line double block indented and insert:

"(F) The individual:

(i) is enrolling in kindergarten; and

(ii) except as provided in IC 20-51-4-2.5, 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."

Page 13, delete lines 1 through 8.

Page 16, line 6, delete "three" and insert "two".

Page 16, line 7, delete "(300%)" and insert "(200%)".

Page 17, line 4, delete "three" and insert "two".

Page 17, line 4, delete "(300%)" and insert "(200%)".

Page 17, line 15, delete "five hundred".

Page 17, line 16, delete "\$5,500);" and insert "\$5,000);".

Page 17, line 17, delete "six" and insert "five".

Page 17, line 18, delete "\$6,500)." and insert "\$5,500).".

Page 19, delete lines 8 through 11.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as printed February 12, 2013.)

BROWN T, Chair

Committee Vote: yeas 14, nays 7.

COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred House Bill No. 1003, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 13, delete "and IC 6-3.1-34".

Page 2, delete lines 15 through 42.

EH 1003—LS 7326/DI 116+



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Delete pages 3 through 9.

Page 10, delete lines 1 through 38.

Page 11, line 8, after "education" insert **"and for whom an individualized education program has been developed"**.

Page 11, line 12, after "reduced" insert **"price"**.

Page 11, delete lines 13 through 42, begin a new line double block indented and insert:

"(B) The individual resides in the attendance zone of a public school that has been placed in either:

(i) the lowest category or designation of school improvement under IC 20-31-8-4 under the categories or designations in effect on June 30, 2013; or

(ii) the lowest category or designation for academic growth and either one (1) of the two (2) lowest categories or designations for performance under IC 20-31-8-4 under the categories or designations established after June 30, 2013, for at least two (2) years;

and except as provided in IC 20-51-4-2.5, the 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. An individual to whom this clause applies is not required to attend the public school before becoming eligible for a choice scholarship, and may not be required to return to the public school if the public school is placed in higher categories or designations under IC 20-31-8-4.

(C) Except as provided in IC 20-51-4-2.5, the 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 and the individual was enrolled in kindergarten through grade 12:

(i) before July 1, 2014, in a public school, including a charter school, in Indiana; and

(ii) after June 30, 2014, in a public school, not including a charter school, in Indiana;

for at least two (2) semesters immediately preceding the first semester for which the individual receives a choice scholarship under IC 20-51-4."

Page 12, line 1, delete "(E)" and insert "(D)".

Page 12, delete lines 14 through 20.

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Page 15, line 11, delete "IC 20-51-1-4.3(3)(D)(ii), IC 20-51-1-4.3(3)(E)(ii), or" and insert "**IC 20-51-1-4.3(3)(B), IC 20-51-1-4.3(3)(C), or IC 20-51-1-4.3(3)(D)(ii)**,".

Page 15, line 12, delete "IC 20-51-1-4.3(3)(F)(ii),".

Page 15, line 13, delete "IC 20-51-1-4.3(3)(D)(ii)" and insert "**IC 20-51-1-4.3(3)(B), IC 20-51-1-4.3(3)(C), or IC 20-51-1-4.3(3)(D)(ii)**".

Page 15, line 14, delete "IC 20-51-1-4.3(3)(E)(ii), or IC 20-51-1-4.3(3)(F)(ii)".

Page 15, delete lines 21 through 42, begin a new paragraph and insert:

"SECTION 22. IC 20-51-4-4, AS ADDED BY P.L.92-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 4. The ~~maximum~~ amount to ~~which~~ an eligible ~~individual~~ **choice scholarship student** is entitled to receive under this chapter for a school year is equal to the least of the following:

(1) The sum of the tuition, transfer tuition, and fees required for enrollment or attendance of the eligible **choice scholarship student** at the eligible school selected by the eligible ~~individual~~ **choice scholarship student** for a school year that the eligible ~~individual~~ (or the parent of the eligible ~~individual~~) **choice scholarship student** (or the parent of the eligible **choice scholarship student**) would otherwise be obligated to pay to the eligible school.

(2) An amount equal to:

(A) ninety percent (90%) of the state tuition support amount determined under section 5 of this chapter if the eligible ~~individual~~ **choice scholarship student** 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 5 of this chapter if the eligible ~~individual~~ **choice scholarship student** 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~~ **eligible choice scholarship student** to qualify for the federal free or reduced price lunch program.

(3) If the eligible ~~individual~~ **choice scholarship student** is enrolled in grade 1 through 8, the maximum choice scholarship that the eligible ~~individual~~ **choice scholarship student** may receive for a school year:

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(A) beginning before July 1, 2013, is four thousand five hundred dollars (\$4,500);

(B) beginning after June 30, 2013, and before July 1, 2014, four thousand six hundred dollars (\$4,600); and

(C) beginning after June 30, 2014, four thousand seven hundred dollars (\$4,700)."

Page 16, delete lines 1 through 29.

Page 18, line 9, delete "The choice".

Page 18, delete lines 10 through 11.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to HB 1003 as printed February 18, 2013.)

KRUSE, Chairperson

Committee Vote: Yeas 8, Nays 4.

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