April 3, 2013

ENGROSSED
HOUSE BILL No. 1003

DIGEST OF HB 1003 (Updated April 2, 2013 1:25 pm - DI 73)

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

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. Provides that an eligible choice scholarship student is eligible to receive as part of the choice scholarship any applicable amount that a school corporation (in which the student has legal settlement) would receive for a student as part of a special education grant. Provides that a public

(Continued next page)

Effective: Upon passage; 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.
April 2, 2013, amended, reported favorably — Do Pass.

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Digest Continued

school is not required to make available special education and related services to an eligible choice scholarship student who receives special education funding as part of the choice scholarship. Provides that a school corporation may not include in its special education grant count an eligible choice scholarship student who receives an amount related to special education as part of a choice scholarship. Requires the state board to adopt rules, including emergency rules, for the provision of special education or related services to an eligible choice scholarship student who receives special education funds as part of the choice scholarship. Provides that the choice scholarship shall be distributed each semester during the school year. Amends the definition of "eligible student" for purposes of the statutes concerning scholarship granting organizations. Provides that the legislative council shall assign certain topics to an interim study committee or a statutory study committee. Makes conforming amendments.

C o p y

April 3, 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.

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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:

SECTION 1. IC 6-3.1-30.5-9, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]: Sec. 9. **(a) This section applies to a taxpayer that is entitled to a tax credit under this chapter for a taxable year beginning before January 1, 2013.**

(b) A taxpayer is not entitled to a carryover, carryback, or refund of an unused credit.

(c) This section expires January 1, 2017.

SECTION 2. IC 6-3.1-30.5-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]: **Sec. 9.5. (a) This section applies to a taxpayer that is entitled to a tax credit under this chapter for a taxable year beginning after December 31, 2012.**

(b) If the credit provided by this chapter exceeds the taxpayer's state tax liability for the taxable year for which the credit is first claimed, the excess may be carried forward to succeeding taxable

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

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

SECTION 3. 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 may not exceed ~~five~~ **ten** million dollars ~~($5,000,000)~~ **($10,000,000)** in a state fiscal year.

SECTION 4. IC 20-51-1-4.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4.3. "Eligible choice scholarship student" refers to an individual who:**

(1) has legal settlement in Indiana;

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

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

(A) The individual is:

(i) a child with a disability who requires special education and for whom an individualized education program has been developed 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 price lunch program.

(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

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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 virtual 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.

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

(i) received a scholarship of at least one thousand dollars ($1,000) from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4 in a preceding school year, including a school year that does not immediately precede a school year in which the individual receives a scholarship from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4; 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.

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

~~(1) has legal settlement in Indiana;~~

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

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~~(3) either has been or is currently enrolled in an accredited school;~~
~~(4) 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~~
~~(5) either:~~
~~(A) was enrolled in grade 1 through 12 in a school corporation that did not charge the individual transfer tuition for at least two (2) semesters immediately preceding the first semester for which the individual receives a choice scholarship under IC 20-51-4; or~~
~~(B) received a scholarship from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4 in a preceding school year, including a school year that does not immediately precede a school year in which the individual receives a scholarship from a scholarship granting organization under IC 20-51-3 or a choice scholarship under IC 20-51-4.~~

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

(1) is located in Indiana;
(2) requires an eligible ~~individual~~ **choice scholarship student** to pay tuition or transfer tuition to attend;
(3) voluntarily agrees to enroll an eligible ~~individual;~~ **choice scholarship student;**
(4) is accredited by either the state board or a national or regional accreditation agency that is recognized by the state board;
(5) administers the Indiana statewide testing for educational progress (ISTEP) program under IC 20-32-5;
(6) is not a charter school or the school corporation in which an eligible ~~individual~~ **choice scholarship student** has legal settlement under IC 20-26-11; and
(7) submits to the department **only the student performance** data required for a category designation under IC 20-31-8-3.

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

(1) has legal settlement in Indiana;
(2) is at least five (5) years of age and less than twenty-two (22) years of age on the date in the school year specified in

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IC 20-33-2-7;

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

(4) 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 price lunch program. ~~and~~

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

~~(A) The individual is enrolling in kindergarten.~~

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

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

~~(D) The individual received a school scholarship from a scholarship granting organization in a preceding year, including a school year that does not immediately precede a school year in which the individual receives a scholarship from a scholarship granting organization.~~

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

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

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

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

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

~~(3)~~ **(4)** Distribute one hundred percent (100%) of any income

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earned on contributions as school scholarships to eligible students.

~~(4)~~ **(5)** Conduct criminal background checks on all the scholarship granting organization's employees and board members and exclude from employment or governance any individual who might reasonably pose a risk to the appropriate use of contributed funds.

~~(5)~~ **(6)** Make the reports required by this chapter.

SECTION 9. IC 20-51-4-2, AS ADDED BY P.L.92-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 2. (a) Subject to subsection (b), an eligible ~~individual~~ **choice scholarship student** is entitled to a choice scholarship under this chapter for each school year beginning after June 30, 2011, that the eligible **choice scholarship** student enrolls in an eligible school.

(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 **choice scholarship** students.

SECTION 10. IC 20-51-4-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 2.5. Notwithstanding 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), an individual who initially meets the income requirements under 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) and is a member of a household whose income subsequently increases is considered to meet the income requirements for as long as the individual is enrolled in a participating school and 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 price lunch program.**

SECTION 11. 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 following:**

(1) The least of the following:

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~~(1)~~ **(A)** 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)~~ **(B)** An amount equal to:

~~(A)~~ **(i)** 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~~ **eligible choice scholarship student** to qualify for the federal free or reduced price lunch program; and

~~(B)~~ **(ii)** 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, **in the case of an individual not described in section 2.5 of this chapter,** 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 **or, in the case of an individual described in section 2.5 of this chapter, not more than two percent (200%) of the amount required for the eligible choice scholarship student to qualify for the federal free or reduced price lunch program.**

~~(3)~~ **(C)** 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:

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

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

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

(2) In addition, if applicable, any amount that a school corporation would receive under IC 20-43-7 for the student if the student attended the school corporation.

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SECTION 12. IC 20-51-4-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4.5. (a) Notwithstanding 511 IAC 7-34-1(d)(4), a public school is not required to make available special education and related services to an eligible choice scholarship student who receives funds under section 4(2) of this chapter.**

(b) A school corporation may not include an eligible choice scholarship student who receives an amount under section 4(2) of this chapter in the school corporation's count under IC 20-43-7.

SECTION 13. IC 20-51-4-4.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4.6. (a) The state board shall adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided under IC 4-22-2-37.1, for the provision of special education or related services to an eligible choice scholarship student who receives an amount under section 4(2) of this chapter. The rules adopted under this section shall include annual reporting requirements, monitoring, and consequences for noncompliance by an eligible school.**

(b) An emergency rule adopted by the state board under this section expires on the earliest of the following dates:

(1) The expiration date stated in the emergency rule.

(2) The date the emergency rule is amended or repealed by a later rule adopted under IC 4-22-2-22.5 through IC 4-22-2-36 or under IC 4-22-2-37.1.

(3) One (1) year after the date the emergency rule is adopted.

SECTION 14. IC 20-51-4-5, AS AMENDED BY P.L.6-2012, SECTION 145, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 5. The state tuition support amount to be used in section 4(2) of this chapter for an eligible ~~individual~~ **choice scholarship student** is the amount determined under the last STEP of the following formula:

STEP ONE: Determine the school corporation in which the eligible ~~individual~~ **choice scholarship student** 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~~ **state fiscal** 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.

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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~~ **state fiscal** year used in STEP TWO.

SECTION 15. IC 20-51-4-6, AS ADDED BY P.L.92-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 6. (a) If an eligible ~~individual~~ **choice scholarship student** 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) An eligible ~~individual~~ **choice scholarship student** is entitled to only one (1) choice scholarship for each school year. If the eligible ~~individual~~ **choice scholarship student** leaves the eligible school for which the eligible ~~individual~~ **choice scholarship student** was awarded a choice scholarship and enrolls in another eligible school, the eligible ~~individual~~ **choice scholarship student** is responsible for the payment of any tuition required for the remainder of that school year.

SECTION 16. 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.

SECTION 17. IC 20-51-4-10, AS ADDED BY P.L.92-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 10. **The department shall distribute choice scholarships at least once each semester, or at equivalent intervals.** The department may distribute ~~any part of a~~ **the** choice scholarship to

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

SECTION 18. IC 20-51-4-11, AS ADDED BY P.L.92-2011, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: Sec. 11. The amount of a choice scholarship provided to an eligible ~~individual~~ **choice scholarship student** shall not be treated as income or a resource for the purposes of qualifying for any other federal or state grant or program administered by the state or a political subdivision.

SECTION 19. [EFFECTIVE UPON PASSAGE] **(a) The legislative council shall assign to an interim study committee or statutory study committee, for study during the 2013 legislative interim, the following topics concerning choice scholarships:**

(1) Whether the public schools that students left upon receiving the choice scholarships were failing schools.

(2) Whether the nonpublic schools that students attended after receiving choice scholarships are high performing schools.

(3) How many students attending a nonpublic school under a choice scholarship or a scholarship from a scholarship granting organization never attended a public school.

(4) How many additional students are being funded by the state, compared to the year before choice scholarships were first awarded.

(5) What is the poverty rate among families of children receiving choice scholarships.

(6) How many students received a choice scholarship for a reason other than poverty.

(7) How many special education students are receiving choice scholarships.

(8) How many category 1-3 English language learner (ELL) students are receiving choice scholarships.

(9) What is the appropriate limit for state funded scholarships for private education.

(b) The interim study committee or statutory study committee

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to which the topics are assigned shall issue a final report to the legislative council containing the committee's findings and any recommendations, including any recommended legislation concerning the topics, not later than November 1, 2013.

(c) This SECTION expires December 31, 2013.

SECTION 20. **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.

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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.

Renumber 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.

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, 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 3, line 19, after "a" insert "**virtual**".

Page 3, line 24, after "received a scholarship" insert "**of at least one thousand dollars ($1,000)**".

Page 6, delete lines 36 through 42, begin a new paragraph and insert:

"SECTION 11. 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 following:**

(1) The least of the following:

~~(1)~~ **(A)** 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**

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eligible choice scholarship student) would otherwise be obligated to pay to the eligible school.

~~(2)~~ **(B)** An amount equal to:

~~(A)~~ **(i)** 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~~ **eligible choice scholarship student** to qualify for the federal free or reduced price lunch program; and

~~(B)~~ **(ii)** 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, **in the case of an individual not described in section 2.5 of this chapter,** 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 **or, in the case of an individual described in section 2.5 of this chapter, not more than two percent (200%) of the amount required for the eligible choice scholarship student to qualify for the federal free or reduced price lunch program.**

~~(3)~~ **(C)** 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:

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

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

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

(2) In addition, if applicable, any amount that a school corporation would receive under IC 20-43-7 for the student if the student attended the school corporation.

SECTION 12. IC 20-51-4-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013]: **Sec. 4.5. (a) Notwithstanding 511 IAC 7-34-1(d)(4), a public school is not required to make available special education and related services to an eligible choice scholarship student who receives funds under section 4(2) of this**

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chapter.

(b) A school corporation may not include an eligible choice scholarship student who receives an amount under section 4(2) of this chapter in the school corporation's count under IC 20-43-7.

SECTION 13. IC 20-51-4-4.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4.6. (a) The state board shall adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided under IC 4-22-2-37.1, for the provision of special education or related services to an eligible choice scholarship student who receives an amount under section 4(2) of this chapter. The rules adopted under this section shall include annual reporting requirements, monitoring, and consequences for noncompliance by an eligible school.**

(b) An emergency rule adopted by the state board under this section expires on the earliest of the following dates:

(1) The expiration date stated in the emergency rule.

(2) The date the emergency rule is amended or repealed by a later rule adopted under IC 4-22-2-22.5 through IC 4-22-2-36 or under IC 4-22-2-37.1.

(3) One (1) year after the date the emergency rule is adopted.".

Page 7, delete lines 1 through 30.

Page 7, line 42, strike "calendar" and insert "**state fiscal**".

Page 8, line 8, strike "calendar" and insert "**state fiscal**".

Page 9, line 1, after "10." insert "**The department shall distribute choice scholarships at least once each semester, or at equivalent intervals.**".

Page 9, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 19. [EFFECTIVE UPON PASSAGE] **(a) The legislative council shall assign to an interim study committee or statutory study committee, for study during the 2013 legislative interim, the following topics concerning choice scholarships:**

(1) Whether the public schools that students left upon receiving the choice scholarships were failing schools.

(2) Whether the nonpublic schools that students attended after receiving choice scholarships are high performing schools.

(3) How many students attending a nonpublic school under a choice scholarship or a scholarship from a scholarship granting organization never attended a public school.

(4) How many additional students are being funded by the

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state, compared to the year before choice scholarships were first awarded.

(5) What is the poverty rate among families of children receiving choice scholarships.

(6) How many students received a choice scholarship for a reason other than poverty.

(7) How many special education students are receiving choice scholarships.

(8) How many category 1-3 English language learner (ELL) students are receiving choice scholarships.

(9) What is the appropriate limit for state funded scholarships for private education.

(b) The interim study committee or statutory study committee to which the topics are assigned shall issue a final report to the legislative council containing the committee's findings and any recommendations, including any recommended legislation concerning the topics, not later than November 1, 2013.

(c) This SECTION expires December 31, 2013.".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to EHB 1003 as printed March 29, 2013.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 4.

C o p y