Second Regular Session of the 122nd General Assembly (2022)

HOUSE ENROLLED ACT No. 1251

AN ACT to amend the Indiana Code concerning education.

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

SECTION 1. IC 6-3-1-3.5, AS AMENDED BY P.L.159-2021, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Except as provided in subsection (c), add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code (as effective January 1, 2017);

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code (as effective January 1, 2004);

(B) one thousand five hundred dollars ($1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code (as effective January 1, 2017) for an individual:

(i) who is less than nineteen (19) years of age or is a full-time student who is less than twenty-four (24) years of age;

(ii) for whom the taxpayer is the legal guardian; and

(iii) for whom the taxpayer does not claim an exemption under clause (A); and

(C) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the federal adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000). In the case of a married individual filing a separate return, the qualifying income amount in this clause is equal to twenty thousand dollars ($20,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(7) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(8) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(9) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant

to subdivisions (3), (4), and (5) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(10) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(11) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(12) Subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse if the taxpayer and the taxpayer's spouse file a joint income tax return or the taxpayer is otherwise entitled to a deduction under this subdivision for the taxpayer's spouse, or both.

(13) Subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars ($2,500), or one thousand two hundred fifty dollars ($1,250) in the case of a married individual filing a separate return; or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(14) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(15) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(16) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(17) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as

defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(18) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.

(19) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the individual's federal adjusted gross income under the Internal Revenue Code.

(20) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract the amount necessary from the adjusted gross income of any taxpayer that added an amount to adjusted

gross income in a previous year to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(21) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(22) Subtract an amount as described in Section 1341(a)(2) of the Internal Revenue Code to the extent, if any, that the amount was previously included in the taxpayer's adjusted gross income for a prior taxable year.

(23) For taxable years beginning after December 25, 2016, add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965(c) of the Internal Revenue Code.

(24) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(25) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(26) For taxable years beginning after December 31, 2019, and before January 1, 2021, add an amount of the deduction claimed under Section 62(a)(22) of the Internal Revenue Code.

(27) For taxable years beginning after December 31, 2019, for payments made by an employer under an education assistance program after March 27, 2020:

(A) add the amount of payments by an employer that are excluded from the taxpayer's federal gross income under Section 127(c)(1)(B) of the Internal Revenue Code; and

(B) deduct the interest allowable under Section 221 of the Internal Revenue Code, if the disallowance under Section 221(e)(1) of the Internal Revenue Code did not apply to the payments described in clause (A). For purposes of applying Section 221(b) of the Internal Revenue Code to the amount allowable under this clause, the amount under clause (A) shall not be added to adjusted gross income.

(28) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(29) For taxable years beginning after December 31, 2017, and before January 1, 2021, add an amount equal to the excess business loss of the taxpayer as defined in Section 461(l)(3) of the Internal Revenue Code. In addition:

(A) If a taxpayer has an excess business loss under this subdivision and also has modifications under subdivisions (15) and (17) for property placed in service during the taxable year, the taxpayer shall treat a portion of the taxable year modifications for that property as occurring in the taxable year the property is placed in service and a portion of the modifications as occurring in the immediately following taxable year.

(B) The portion of the modifications under subdivisions (15) and (17) for property placed in service during the taxable year treated as occurring in the taxable year in which the property is placed in service equals:

(i) the modification for the property otherwise determined under this section; minus

(ii) the excess business loss disallowed under this subdivision;

but not less than zero (0).

(C) The portion of the modifications under subdivisions (15) and (17) for property placed in service during the taxable year treated as occurring in the taxable year immediately following the taxable year in which the property is placed in service equals the modification for the property otherwise determined under this section minus the amount in clause (B).

(D) Any reallocation of modifications between taxable years

under clauses (B) and (C) shall be first allocated to the modification under subdivision (15), then to the modification under subdivision (17).

(30) Add an amount equal to the amount excluded from federal gross income under Section 108(f)(5) of the Internal Revenue Code. For purposes of this subdivision, if an amount excluded under Section 108(f)(5) of the Internal Revenue Code would be excludible under Section 108(a)(1)(B) of the Internal Revenue Code, the exclusion under Section 108(a)(1)(B) of the Internal Revenue Code shall take precedence.

(31) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(32) Subtract the amount of an annual grant amount distributed to a taxpayer's Indiana education scholarship account under IC 20-51.4-4-2 that is used for a qualified expense (as defined in IC 20-51.4-2-9) **or to an Indiana enrichment scholarship account under IC 20-52 that is used for qualified expenses (as defined in IC 20-52-2-6),** to the extent the distribution used for the qualified expense is included in the taxpayer's federal adjusted gross income under the Internal Revenue Code.

(33) For taxable years beginning after December 31, 2019, and before January 1, 2021, add an amount equal to the amount of unemployment compensation excluded from federal gross income under Section 85(c) of the Internal Revenue Code.

(34) Subtract any other amounts the taxpayer is entitled to deduct under IC 6-3-2.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Except as provided in subsection (c), add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or

measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross

income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Add to the extent required by IC 6-3-2-20:

(A) the amount of intangible expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes; and

(B) any directly related interest expenses (as defined in IC 6-3-2-20) that reduced the corporation's adjusted gross income (determined without regard to this subdivision). For purposes of this clause, any directly related interest expense that constitutes business interest within the meaning of Section 163(j) of the Internal Revenue Code shall be considered to have reduced the taxpayer's federal taxable income only in the first taxable year in which the deduction otherwise would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(9) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

(10) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(11) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(12) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on

an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(13) For taxable years beginning after December 25, 2016:

(A) for a corporation other than a real estate investment trust, add:

(i) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(ii) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code; and

(B) for a real estate investment trust, add an amount equal to the deduction for deferred foreign income that was claimed by the taxpayer for the taxable year under Section 965(c) of the Internal Revenue Code, but only to the extent that the taxpayer included income pursuant to Section 965 of the Internal Revenue Code in its taxable income for federal income tax purposes or is required to add back dividends paid under subdivision (9).

(14) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to global intangible low-taxed income). The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(15) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(16) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(17) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(18) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(19) Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(c) The following apply to taxable years beginning after December 31, 2018, for purposes of the add back of any deduction allowed on the taxpayer's federal income tax return for wagering taxes, as provided in subsection (a)(2) if the taxpayer is an individual or subsection (b)(3) if the taxpayer is a corporation:

(1) For taxable years beginning after December 31, 2018, and before January 1, 2020, a taxpayer is required to add back under this section eighty-seven and five-tenths percent (87.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(2) For taxable years beginning after December 31, 2019, and before January 1, 2021, a taxpayer is required to add back under this section seventy-five percent (75%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(3) For taxable years beginning after December 31, 2020, and before January 1, 2022, a taxpayer is required to add back under this section sixty-two and five-tenths percent (62.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(4) For taxable years beginning after December 31, 2021, and before January 1, 2023, a taxpayer is required to add back under this section fifty percent (50%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(5) For taxable years beginning after December 31, 2022, and

before January 1, 2024, a taxpayer is required to add back under this section thirty-seven and five-tenths percent (37.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(6) For taxable years beginning after December 31, 2023, and before January 1, 2025, a taxpayer is required to add back under this section twenty-five percent (25%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(7) For taxable years beginning after December 31, 2024, and before January 1, 2026, a taxpayer is required to add back under this section twelve and five-tenths percent (12.5%) of any deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(8) For taxable years beginning after December 31, 2025, a taxpayer is not required to add back under this section any amount of a deduction allowed on the taxpayer's federal income tax return for wagering taxes.

(d) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section

172 of the Internal Revenue Code (concerning net operating losses).

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a

previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(11) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(12) For taxable years beginning after December 25, 2016, add:

(A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to global intangible low-taxed income). The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(14) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(15) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the

Internal Revenue Code for taxable years ending after December 22, 2017.

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(18) Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(e) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code (concerning charitable contributions).

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 832(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code (concerning foreign tax credits).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus

depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code (concerning net operating losses).

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(8) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the insurance company's taxable income under the Internal Revenue Code.

(9) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable

debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(10) Add an amount equal to any exempt insurance income under Section 953(e) of the Internal Revenue Code that is active financing income under Subpart F of Subtitle A, Chapter 1, Subchapter N of the Internal Revenue Code.

(11) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(12) For taxable years beginning after December 25, 2016, add:

(A) an amount equal to the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1; or

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code.

(13) Add an amount equal to the deduction that was claimed by the taxpayer for the taxable year under Section 250(a)(1)(B) of the Internal Revenue Code (attributable to global intangible low-taxed income). The taxpayer shall separately specify the amount of the reduction under Section 250(a)(1)(B)(i) of the Internal Revenue Code and under Section 250(a)(1)(B)(ii) of the Internal Revenue Code.

(14) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under

Section 163(j)(1) of the Internal Revenue Code did not exist.

(15) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(16) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(17) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(18) Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(f) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section

172 of the Internal Revenue Code (concerning net operating losses).

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding the sum of:

(A) twenty-five thousand dollars ($25,000) to the extent deductions under Section 179 of the Internal Revenue Code were not elected as provided in clause (B); and

(B) for taxable years beginning after December 31, 2017, the deductions elected under Section 179 of the Internal Revenue Code on property acquired in an exchange if:

(i) the exchange would have been eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code in effect on January 1, 2017;

(ii) the exchange is not eligible for nonrecognition of gain or loss under Section 1031 of the Internal Revenue Code; and

(iii) the taxpayer made an election to take deductions under Section 179 of the Internal Revenue Code with regard to the acquired property in the year that the property was placed into service.

The amount of deductions allowable for an item of property under this clause may not exceed the amount of adjusted gross income realized on the property that would have been deferred under the Internal Revenue Code in effect on January 1, 2017.

(6) Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7 (certain income derived from patents); and

(B) included in the taxpayer's taxable income under the Internal Revenue Code.

(7) Add an amount equal to any income not included in gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code. Subtract from the adjusted gross income of any taxpayer that added an amount to adjusted gross income in a

previous year the amount necessary to offset the amount included in federal gross income as a result of the deferral of income arising from business indebtedness discharged in connection with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument, as provided in Section 108(i) of the Internal Revenue Code.

(8) Add the amount excluded from federal gross income under Section 103 of the Internal Revenue Code for interest received on an obligation of a state other than Indiana, or a political subdivision of such a state, that is acquired by the taxpayer after December 31, 2011.

(9) For taxable years beginning after December 25, 2016, add an amount equal to:

(A) the amount reported by the taxpayer on IRC 965 Transition Tax Statement, line 1;

(B) if the taxpayer deducted an amount under Section 965(c) of the Internal Revenue Code in determining the taxpayer's taxable income for purposes of the federal income tax, the amount deducted under Section 965(c) of the Internal Revenue Code; and

(C) with regard to any amounts of income under Section 965 of the Internal Revenue Code distributed by the taxpayer, the deduction under Section 965(c) of the Internal Revenue Code attributable to such distributed amounts and not reported to the beneficiary.

For purposes of this article, the amount required to be added back under clause (B) is not considered to be distributed or distributable to a beneficiary of the estate or trust for purposes of Sections 651 and 661 of the Internal Revenue Code.

(10) Subtract any interest expense paid or accrued in the current taxable year but not deducted as a result of the limitation imposed under Section 163(j)(1) of the Internal Revenue Code. Add any interest expense paid or accrued in a previous taxable year but allowed as a deduction under Section 163 of the Internal Revenue Code in the current taxable year. For purposes of this subdivision, an interest expense is considered paid or accrued only in the first taxable year the deduction would have been allowable under Section 163 of the Internal Revenue Code if the limitation under Section 163(j)(1) of the Internal Revenue Code did not exist.

(11) Add an amount equal to the deduction for qualified business income that was claimed by the taxpayer for the taxable year under Section 199A of the Internal Revenue Code.

(12) Subtract the amount that would have been excluded from gross income but for the enactment of Section 118(b)(2) of the Internal Revenue Code for taxable years ending after December 22, 2017.

(13) Add an amount equal to the remainder of:

(A) the amount allowable as a deduction under Section 274(n) of the Internal Revenue Code; minus

(B) the amount otherwise allowable as a deduction under Section 274(n) of the Internal Revenue Code, if Section 274(n)(2)(D) of the Internal Revenue Code was not in effect for amounts paid or incurred after December 31, 2020.

(14) For taxable years beginning after December 31, 2017, and before January 1, 2021, add an amount equal to the excess business loss of the taxpayer as defined in Section 461(l)(3) of the Internal Revenue Code. In addition:

(A) If a taxpayer has an excess business loss under this subdivision and also has modifications under subdivisions (3) and (5) for property placed in service during the taxable year, the taxpayer shall treat a portion of the taxable year modifications for that property as occurring in the taxable year the property is placed in service and a portion of the modifications as occurring in the immediately following taxable year.

(B) The portion of the modifications under subdivisions (3) and (5) for property placed in service during the taxable year treated as occurring in the taxable year in which the property is placed in service equals:

(i) the modification for the property otherwise determined under this section; minus

(ii) the excess business loss disallowed under this subdivision;

but not less than zero (0).

(C) The portion of the modifications under subdivisions (3) and (5) for property placed in service during the taxable year treated as occurring in the taxable year immediately following the taxable year in which the property is placed in service equals the modification for the property otherwise determined under this section minus the amount in clause (B).

(D) Any reallocation of modifications between taxable years under clauses (B) and (C) shall be first allocated to the modification under subdivision (3), then to the modification under subdivision (5).

(15) For taxable years ending after March 12, 2020, subtract an amount equal to the deduction disallowed pursuant to:

(A) Section 2301(e) of the CARES Act (Public Law 116-136), as modified by Sections 206 and 207 of the Taxpayer Certainty and Disaster Relief Tax Act (Division EE of Public Law 116-260); and

(B) Section 3134(e) of the Internal Revenue Code.

(16) Add or subtract any other amounts the taxpayer is:

(A) required to add or subtract; or

(B) entitled to deduct;

under IC 6-3-2.

(g) Subsections (a)(34), (b)(19), (d)(18), (e)(18), or (f)(16) may not be construed to require an add back or allow a deduction or exemption more than once for a particular add back, deduction, or exemption.

(h) For taxable years beginning after December 25, 2016, if:

(1) a taxpayer is a shareholder, either directly or indirectly, in a corporation that is an E&P deficit foreign corporation as defined in Section 965(b)(3)(B) of the Internal Revenue Code, and the earnings and profit deficit, or a portion of the earnings and profit deficit, of the E&P deficit foreign corporation is permitted to reduce the federal adjusted gross income or federal taxable income of the taxpayer, the deficit, or the portion of the deficit, shall also reduce the amount taxable under this section to the extent permitted under the Internal Revenue Code, however, in no case shall this permit a reduction in the amount taxable under Section 965 of the Internal Revenue Code for purposes of this section to be less than zero (0); and

(2) the Internal Revenue Service issues guidance that such an income or deduction is not reported directly on a federal tax return or is to be reported in a manner different than specified in this section, this section shall be construed as if federal adjusted gross income or federal taxable income included the income or deduction.

(i) If a partner is required to include an item of income, a deduction, or another tax attribute in the partner's adjusted gross income tax return pursuant to IC 6-3-4.5, such item shall be considered to be includible in the partner's federal adjusted gross income or federal taxable income, regardless of whether such item is actually required to be reported by the partner for federal income tax purposes. For purposes of this subsection:

(1) items for which a valid election is made under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9 shall not be required to be included

in the partner's adjusted gross income or taxable income; and

(2) items for which the partnership did not make an election under IC 6-3-4.5-6, IC 6-3-4.5-8, or IC 6-3-4.5-9, but for which the partnership is required to remit tax pursuant to IC 6-3-4.5-18, shall be included in the partner's adjusted gross income or taxable income.

SECTION 2. IC 10-13-3-39, AS AMENDED BY P.L.243-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 39. (a) The department is designated as the authorized agency to receive requests for, process, and disseminate the results of national criminal history background checks that comply with this section and 42 U.S.C. 5119a.

(b) A qualified entity may contact the department to request a national criminal history background check on any of the following persons:

(1) A person who seeks to be or is employed with the qualified entity. A request under this subdivision must be made not later than three (3) months after the person is initially employed by the qualified entity.

(2) A person who seeks to volunteer or is a volunteer with the qualified entity. A request under this subdivision must be made not later than three (3) months after the person initially volunteers with the qualified entity.

(3) A person for whom a national criminal history background check is required under any law relating to the licensing of a home, center, or other facility for purposes of day care or residential care of children.

(4) A person for whom a national criminal history background check is permitted for purposes of:

(A) placement of a child in a foster family home, a prospective adoptive home, or the home of a relative, legal guardian to whom IC 29-3-8-9 applies, or other caretaker under section 27.5 of this chapter or IC 31-34;

(B) a report concerning an adoption as required by IC 31-19-8;

(C) collaborative care host homes and supervised independent living arrangements as provided in IC 31-28-5.8-5.5; or

(D) reunification of a child with a parent, guardian, or custodian as provided in IC 31-34-21-5.5.

(5) A person for whom a national criminal history background check is required for the licensing of a group home, child caring institution, child placing agency, or foster home under IC 31-27.

(6) A person for whom a national criminal history background

check is required for determining the individual's suitability as an employee of a contractor of the state under section 38.5(a)(1) of this chapter.

(c) A qualified entity must submit a request under subsection (b) in the form required by the department and provide a set of the person's fingerprints and any required fees with the request.

(d) If a qualified entity makes a request in conformity with subsection (b), the department shall submit the set of fingerprints provided with the request to the Federal Bureau of Investigation for a national criminal history background check. The department shall respond to the request in conformity with:

(1) the requirements of 42 U.S.C. 5119a; and

(2) the regulations prescribed by the Attorney General of the United States under 42 U.S.C. 5119a.

(e) Subsection (f):

(1) applies to a qualified entity that:

(A) is not a school corporation or a special education cooperative; or

(B) is a school corporation or a special education cooperative and seeks a national criminal history background check for a volunteer; and

(2) does not apply to a qualified entity that is a:

(A) home health agency licensed under IC 16-27-1; or

(B) personal services agency licensed under IC 16-27-4.

(f) After receiving the results of a national criminal history background check from the Federal Bureau of Investigation, the department shall make a determination whether the person who is the subject of a request has been convicted of:

(1) an offense described in IC 20-26-5-11;

(2) in the case of a foster family home, a nonwaivable offense as defined in IC 31-9-2-84.8;

(3) in the case of a prospective adoptive home, a nonwaivable offense under IC 31-9-2-84.8;

(4) any other felony; or

(5) any misdemeanor;

and convey the determination to the requesting qualified entity.

(g) This subsection applies to a qualified entity that:

(1) is a school corporation or a special education cooperative; and

(2) seeks a national criminal history background check to determine whether to employ or continue the employment of a certificated employee, ~~or~~ a noncertificated employee, **or an adjunct teacher who holds a permit under IC 20-28-5-27** of a

school corporation or an equivalent position with a special education cooperative.

After receiving the results of a national criminal history background check from the Federal Bureau of Investigation, the department may exchange identification records concerning convictions for offenses described in IC 20-26-5-11 with the school corporation or special education cooperative solely for purposes of making an employment determination. The exchange may be made only for the official use of the officials with authority to make the employment determination. The exchange is subject to the restrictions on dissemination imposed under P.L.92-544, (86 Stat. 1115) (1972).

(h) This subsection applies to a qualified entity (as defined in IC 10-13-3-16) that is a public agency under IC 5-14-1.5-2(a)(1). After receiving the results of a national criminal history background check from the Federal Bureau of Investigation, the department shall provide a copy to the public agency. Except as permitted by federal law, the public agency may not share the information contained in the national criminal history background check with a private agency.

(i) This subsection applies to a qualified entity that is a:

(1) home health agency licensed under IC 16-27-1; or

(2) personal services agency licensed under IC 16-27-4.

After receiving the results of a national criminal history background check from the Federal Bureau of Investigation, the department shall make a determination whether the applicant has been convicted of an offense described in IC 16-27-2-5(a) and convey the determination to the requesting qualified entity.

(j) The department:

(1) may permanently retain an applicant's fingerprints submitted under this section; and

(2) shall retain the applicant's fingerprints separately from fingerprints collected under section 24 of this chapter.

SECTION 3. IC 20-18-2-1.7, AS ADDED BY P.L.216-2021, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 1.7. (a) "Appropriate vehicle" means a vehicle that:

(1) is owned by a school corporation or contracted for by the school corporation; and

(2) has a seating capacity of not more than ~~eight (8)~~ **fifteen (15)** passengers, including the driver.

(b) The term includes a car, truck, sport utility vehicle, ~~or~~ minivan, **or van.**

SECTION 4. IC 20-19-3-25 IS ADDED TO THE INDIANA CODE

AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: **Sec. 25. (a) The department shall establish an online adjunct teacher portal on the department's Internet web site or incorporate into the teacher referral system developed under IC 20-20-3 a functionality to allow:**

(1) a school corporation to post a vacant adjunct teacher position; and

(2) an individual to:

(A) post a resume;

(B) post any other information requested by the school corporation through the portal or system;

(C) make inquiries to the school corporation through the portal or system; and

(D) view information relating to adjunct teachers employed by a particular school corporation reported to the department in accordance with IC 20-28-5-27(g).

(b) The department shall post the information received under IC 20-28-5-27(g) on the department's portal or teacher referral system described in subsection (a).

SECTION 5. IC 20-19-3-26 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: **Sec. 26. (a) The department shall apply to the United States Department of Education for assessment flexibility.**

(b) The application submitted in accordance with subsection (a) must include the following:

(1) A plan to administer a statewide summative examination in grade 3, grade 5, grade 8, and grade 11.

(2) A plan to assist schools in the assessment of subject matter mastery in grades in which a statewide summative examination is not administered.

(3) A plan to implement the approved assessment changes in conjunction with the implementation of revised academic standards required under IC 20-31-3-1(d).

SECTION 6. IC 20-19-3-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 27. (a) The department shall prepare a report that includes information and, as applicable, recommendations regarding the following:**

(1) Establishing and implementing a program concerning parent-teacher compacts in Indiana that would allow the following to be done by a teacher who enters into a compact with a parent to teach the parent's child:

(A) Participate in the Indiana state teachers' retirement fund under IC 5-10.4 and receive or participate in any other relevant retirement benefits or programs.

(B) Receive tuition support for each student who the teacher teaches under a parent-teacher compact.

(C) Participate in any state employee health plan, life insurance plan, or disability insurance plan.

(2) The costs to the department in administering a parent-teacher compact program.

(3) Costs associated with allowing teachers who enter into a parent-teacher compact to participate in and receive tuition support and benefits listed in subdivision (1)(A) through (1)(C).

(4) Information that should be included in a parent-teacher compact.

(5) Annual deadlines for submitting a parent-teacher compact to the department.

(6) Any requirements under law that would or should apply to teachers teaching under a parent-teacher compact, including teacher qualifications, expanded criminal history checks, and Indiana expanded child protection index checks.

(7) Any requirements under law that would or should apply to a student taught under a parent-teacher compact.

(8) The manner in which the department would make tuition support distributions to a teacher under a parent-teacher compact program.

(9) Establishing, maintaining, and transferring education records of students taught under a parent-teacher compact.

(10) Any other matters the department determines are relevant regarding establishing and implementing a parent-teacher compact program.

(b) Not later than November 1, 2022, the department shall submit the report prepared under subsection (a) to the legislative council in an electronic format under IC 5-14-6.

(c) This section expires July 1, 2023.

SECTION 7. IC 20-27-2-10, AS ADDED BY P.L.1-2005, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 10. "Special purpose bus" means a motor vehicle:

(1) that is designed and constructed for the accommodation of more than ten (10) passengers;

(2) that:

(A) meets the federal school bus safety requirements under 49

U.S.C. 30125 except the:

(i) stop signal arm required under federal motor vehicle safety standard (FMVSS) no. 131; and

(ii) flashing lamps required under federal motor vehicle safety standard (FMVSS) no. 108;

(B) when owned by a school corporation and used to transport students, complies with the Federal Motor Carrier Safety Regulations as prescribed by the United States Department of Transportation Federal Motor Carrier Safety Administration as set forth in 49 CFR Chapter III Subchapter B; or

(C) when owned by a school corporation and used to transport students, is a motor coach type bus; ~~with a capacity of at least thirty (30) passengers and a gross vehicle weight rating greater than twenty-six thousand (26,000) pounds;~~ and

(3) that is used by a school corporation for transportation purposes appropriate under IC 20-27-9-5.

SECTION 8. IC 20-27-8-1, AS AMENDED BY P.L.167-2018, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 1. (a) An individual may not drive a school bus for the transportation of students or be employed as a school bus monitor unless the individual satisfies the following requirements:

(1) Is of good moral character.

(2) Does not use intoxicating liquor during school hours.

(3) Does not use intoxicating liquor to excess at any time.

(4) Is not addicted to any narcotic drug.

(5) Is at least:

(A) twenty-one (21) years of age for driving a school bus; or

(B) eighteen (18) years of age for employment as a school bus monitor.

(6) In the case of a school bus driver, holds a valid public passenger chauffeur's license or commercial driver's license issued by the state or any other state.

(7) Possesses the following required physical characteristics:

(A) Sufficient physical ability to be a school bus driver, as determined by the committee.

(B) The full normal use of both hands, both arms, both feet, both legs, both eyes, and both ears.

(C) Freedom from any communicable disease that:

(i) may be transmitted through airborne or droplet means; or

(ii) requires isolation of the infected person under 410 IAC 1-2.3.

(D) Freedom from any mental, nervous, organic, or functional

disease that might impair the person's ability to properly operate a school bus.

(E) This clause does not apply to a school bus monitor. Visual acuity, with or without glasses, ~~of at least 20/40 in each eye~~ **equal to the vision requirements under 49 CFR 391.41** and a field of vision with one hundred fifty (150) degree minimum and with depth perception of at least eighty percent (80%) or forty-eight (48) seconds of arc or less angle of stereopsis.

(b) This subsection applies to a school bus monitor. Notwithstanding subsection (a)(5)(B), a school corporation or school bus driver may not employ an individual who is less than twenty-one (21) years of age as a school bus monitor unless the school corporation or school bus driver does not receive a sufficient number of qualified applicants for employment as a school bus monitor who are at least twenty-one (21) years of age. A school corporation or school bus driver shall maintain a record of applicants, their ages, and their qualifications to show compliance with this subsection.

SECTION 9. IC 20-27-9-5, AS AMENDED BY P.L.155-2020, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 5. (a) A special purpose bus **or an appropriate vehicle** may be used:

(1) by a school corporation to provide regular transportation of a student between one (1) school and another school ~~but not~~ **or** between the student's residence and the school;

(2) to transport students and their supervisors, including coaches, managers, and sponsors to athletic or other extracurricular school activities and field trips;

(3) by a school corporation to provide transportation between an individual's residence and the school for an individual enrolled in a special program for the habilitation or rehabilitation of persons with a developmental or physical disability, and, if applicable, the individual's sibling;

(4) to transport homeless students under IC 20-27-12;

(5) by a school corporation to provide regular transportation of an individual described in section 4 or 7 of this chapter between the individual's residence and the school; and

(6) to transport students to career and technical education programs under IC 20-27-12.1.

(b) The mileage limitation of section 3 of this chapter does not apply to special purpose buses.

(c) The operator of a special purpose bus **or appropriate vehicle** must be at least twenty-one (21) years of age, be authorized by the

school corporation, **pass an expanded criminal history check and expanded child protection index check as provided under IC 20-26-5-10,** and meet the following requirements:

(1) Except as provided in subdivision (2)(B) and in addition to the license required under this subdivision, if the special purpose bus has a capacity of less than sixteen (16) passengers, the operator must hold a valid:

(A) operator's;

(B) chauffeur's;

(C) public passenger chauffeur's; or

(D) commercial driver's;

license.

(2) If the special purpose bus:

(A) has a capacity of more than fifteen (15) passengers; or

(B) is used to provide transportation to an individual described in subsection (a)(3) or (a)(5);

the operator must meet the requirements for a school bus driver set out in IC 20-27-8.

(d) A special purpose bus is not required to be constructed, equipped, or painted as specified for school buses under this article or by the rules of the committee.

(e) An owner or operator of a special purpose bus, other than a special purpose bus owned or operated by a school corporation or a nonpublic school, is subject to IC 8-2.1.

SECTION 10. IC 20-27-9-12, AS AMENDED BY P.L.99-2007, SECTION 174, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 12. (a) As used in this section, "child care center" means a nonresidential building where at least one (1) child receives child care from a provider licensed under IC 12-17.2-4:

(1) while unattended by a parent;

(2) for regular compensation; and

(3) for more than four (4) hours but less than twenty-four (24) hours in each of ten (10) consecutive days per year, excluding intervening Saturdays, Sundays, and holidays.

(b) This subsection does not apply to a person with a developmental or physical disability who is provided transportation by a school corporation by means of a special purpose bus as provided in section 5(a)(3) of this chapter. An individual or entity who transports children in the care of a:

(1) preschool operated by a school corporation;

(2) public elementary school; or

(3) public secondary school;

on a public highway (as defined in IC 9-25-2-4) within or outside Indiana shall transport the children only in a school bus, ~~However,~~ a special purpose bus, **or an appropriate vehicle. The school bus, special purpose bus, or appropriate vehicle** may be used for transportation of the children to activities ~~other than~~ **or for** regular transportation between the residences of the children and the school.

(c) An individual or entity that transports children in the care of a child care center on a public highway (as defined in IC 9-25-2-4) within or outside Indiana in a vehicle designed and constructed for the accommodation of more than ten (10) passengers shall transport the children only in a school bus or special purpose bus.

(d) The operator of a:

(1) school bus that transports children as required under subsection (b) or (c) must meet the requirements of IC 20-27-8; and

(2) special purpose bus **or an appropriate vehicle** that transports children as required under subsection (b) or (c) must meet the requirements of section 5(c) of this chapter.

(e) This section does not prohibit the use of a public transportation system for the transportation of children if the motor carriage used is designed to carry at least twenty (20) passengers.

(f) This section does not prohibit a:

(1) preschool operated by a school corporation;

(2) public elementary school;

(3) public secondary school; or

(4) child care center;

from contracting with a common carrier for incidental charter bus service for nonregular transportation if the carrier and the carrier's motor coach comply with the Federal Motor Carrier Safety Regulations as prescribed by the United States Department of Transportation Federal Highway Administration.

(g) Notwithstanding section 17 of this chapter, a person who violates this section commits a Class B infraction.

SECTION 11. IC 20-28-5-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: **Sec. 27. (a) In an effort to fill a vacant teaching position, offer a new program or class, or supplement a program currently being offered, the governing body of a school corporation may issue an adjunct teacher permit to an individual if the following minimum requirements are met:**

(1) The individual has at least four (4) years of experience in

the content area in which the individual intends to teach.

(2) The school corporation conducts an expanded criminal history check and expanded child protection index check concerning the individual as required under IC 20-26-5-10.

(3) The individual has not been convicted of a felony listed in section 8(c) of this chapter or described in section 8(d) of this chapter or the individual's conviction has been reversed, vacated, or set aside on appeal.

However, the governing body may establish stricter requirements than the requirements prescribed by this subsection.

(b) If a governing body of a school corporation issues an adjunct teacher permit to an individual under subsection (a):

(1) the school corporation may enter into an employment agreement for employment with the individual as a part-time or full-time teacher of the school corporation;

(2) the individual who holds the adjunct permit may teach in any content area in which the school corporation allows the individual to teach based on the individual's experience described in subsection (a);

(3) the individual must be assigned a teacher mentor for support in pedagogy; and

(4) the individual must complete the following training within the first ninety (90) days of employment:

(A) IC 20-26-5-34.2 (bullying prevention).

(B) IC 20-28-3-4.5 (training on child abuse and neglect).

(C) IC 20-28-3-6 (youth suicide awareness and prevention training).

(D) IC 20-28-3-7 (training on human trafficking).

(c) An adjunct teacher may not provide special education instruction.

(d) The salary of an adjunct teacher under an employment agreement described in IC 20-28-6-7.3 is not subject to the requirements under IC 20-28-9-1.5 or a local compensation plan established by a school corporation as described in IC 20-28-9-1.5.

(e) Except as otherwise provided in a collective bargaining agreement entered into or renewed before July 1, 2022, an employment agreement entered into under this section is not subject to a collective bargaining agreement entered into under IC 20-29.

(f) It is not an unfair practice for a school corporation to enter into an employment agreement under this section.

(g) Each school corporation that hires an adjunct teacher under

this section shall report to the department the following information:

(1) The number of adjunct teachers who hold a permit issued under this section that the school corporation has hired each school year, disaggregated by the grade level and subject area taught by the adjunct teacher.

(2) The following information for each adjunct teacher described in subdivision (1):

(A) The name of the adjunct teacher.

(B) The subject matter the adjunct teacher is permitted to teach.

(C) A description of the adjunct teacher's experience described in subsection (a)(1).

(D) The adjunct teacher's total salary and any other compensation paid to the adjunct teacher during the school year.

(E) The number of previous adjunct teaching employment agreements the adjunct teacher has entered into with the school corporation or any other school corporation.

(h) A school corporation shall post a vacant adjunct teacher position on the department's online adjunct teacher portal established under IC 20-19-3-25.

(i) A school corporation may notify the parents of students enrolled in the school corporation of a vacant adjunct teacher position.

(j) The governing body of a school corporation shall announce any vacant adjunct teacher positions at meetings of the governing body.

SECTION 12. IC 20-28-6-2, AS AMENDED BY P.L.43-2021, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 2. (a) **Except as provided under section 7.3 of this chapter,** a contract entered into by a teacher and a school corporation must:

(1) be in writing;

(2) be signed by both parties; and

(3) contain the:

(A) beginning date of the school term as determined annually by the school corporation;

(B) number of days in the school term as determined annually by the school corporation;

(C) total salary to be paid to the teacher during the school year;

(D) number of salary payments to be made to the teacher

during the school year; and

(E) number of hours per day the teacher is expected to work, as discussed pursuant to IC 20-29-6-7.

(b) The contract may provide for the annual determination of the teacher's annual compensation based on a local compensation plan specifying a salary range, which is part of the contract. The compensation plan may be changed by the school corporation before the later of May 1 of a year, with the changes effective the next school year, or the date specified in a collective bargaining agreement applicable to the next school year. A teacher affected by the changes shall be furnished with printed copies of the changed compensation plan not later than thirty (30) days after the adoption of the compensation plan.

(c) A contract under this section is also governed by the following statutes:

(1) IC 20-28-9-5 through IC 20-28-9-6.

(2) IC 20-28-9-9 through IC 20-28-9-11.

(3) IC 20-28-9-13.

(4) IC 20-28-9-14.

(d) A governing body shall provide the blank contract forms, carefully worded by the secretary of education, and have them signed. The contracts are public records open to inspection by the residents of each school corporation.

(e) An action may be brought on a contract that conforms with subsections (a)(1), (a)(2), and (d).

SECTION 13. IC 20-28-6-4, AS ADDED BY P.L.1-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 4. (a) This section does not apply to:

(1) a teacher employed as a substitute teacher; **or**

(2) an individual who holds an adjunct teacher permit issued by the governing body of a school corporation under IC 20-28-5-27.

(b) A teacher employed in a public school must be employed on a uniform teacher's contract or a supplemental service teacher's contract.

SECTION 14. IC 20-28-6-7.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: **Sec. 7.3. (a) An employment agreement entered into between a school corporation and an individual who holds an adjunct teacher permit issued by the governing body of a school corporation under IC 20-28-5-27 must:**

(1) be in writing;

(2) be signed by both parties; and

(3) contain the following:

(A) The total salary and any other compensation to be paid to the adjunct teacher during the school year.

(B) The method and frequency of salary payments.

(C) The number of classes the adjunct teacher is to teach.

(D) The classes and subject matter areas that the adjunct teacher will be teaching.

(E) An expiration date that is not later than the end of the school year.

(b) An employment agreement under this section is a public record open to inspection.

(c) An adjunct teacher may enter into employment agreements with more than one (1) school corporation.

SECTION 15. IC 20-28-9-1.5, AS AMENDED BY P.L.216-2021, SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 1.5. (a) This subsection governs salary increases for a teacher employed by a school corporation. Compensation attributable to additional degrees or graduate credits earned before the effective date of a local compensation plan created under this chapter before July 1, 2015, shall continue for school years beginning after June 30, 2015. Compensation attributable to additional degrees for which a teacher has started course work before July 1, 2011, and completed course work before September 2, 2014, shall also continue for school years beginning after June 30, 2015. For school years beginning after June 30, 2015, a school corporation may provide a supplemental payment to a teacher in excess of the salary specified in the school corporation's compensation plan under any of the following circumstances:

(1) The teacher:

(A) teaches an advanced placement course or a Cambridge International course; or

(B) has earned a master's degree from an accredited postsecondary educational institution in a content area directly related to the subject matter of:

(i) a dual credit course; or

(ii) another course;

taught by the teacher.

(2) Beginning after June 30, 2018, the teacher:

(A) is a special education professional; or

(B) teaches in the areas of science, technology, engineering, or mathematics.

(3) Beginning after June 30, 2019, the teacher teaches a career or

technical education course.

In addition, a supplemental payment may be made to an elementary school teacher who earns a master's degree in math, reading, or literacy. A supplement provided under this subsection is not subject to collective bargaining, but a discussion of the supplement must be held. Such a supplement is in addition to any increase permitted under subsection (b).

(b) Increases or increments in a local salary range must be based upon a combination of the following factors:

(1) A combination of the following factors taken together may account for not more than fifty percent (50%) of the calculation used to determine a teacher's increase or increment:

(A) The number of years of a teacher's experience.

(B) The possession of either:

(i) additional content area degrees beyond the requirements for employment; or

(ii) additional content area degrees and credit hours beyond the requirements for employment, if required under an agreement bargained under IC 20-29.

(2) The results of an evaluation conducted under IC 20-28-11.5.

(3) The assignment of instructional leadership roles, including the responsibility for conducting evaluations under IC 20-28-11.5.

(4) The academic needs of students in the school corporation.

(c) To provide greater flexibility and options, a school corporation may differentiate the amount of salary increases or increments determined for teachers. A school corporation shall base a differentiated amount under this subsection on reasons the school corporation determines are appropriate, which may include the:

(1) subject or subjects, including the subjects described in subsection (a)(2), taught by a given teacher;

(2) importance of retaining a given teacher at the school corporation; and

(3) need to attract an individual with specific qualifications to fill a teaching vacancy.

(d) A school corporation may provide differentiated increases or increments under subsection (b), and in excess of the percentage specified in subsection (b)(1), in order to:

(1) reduce the gap between the school corporation's minimum teacher salary and the average of the school corporation's minimum and maximum teacher salaries; or

(2) allow teachers currently employed by the school corporation to receive a salary adjusted in comparison to starting base salaries

of new teachers.

(e) Except as provided in subsection (f), a teacher rated ineffective or improvement necessary under IC 20-28-11.5 may not receive any raise or increment for the following year if the teacher's employment contract is continued. The amount that would otherwise have been allocated for the salary increase of teachers rated ineffective or improvement necessary shall be allocated for compensation of all teachers rated effective and highly effective based on the criteria in subsection (b).

(f) Subsection (e) does not apply to a teacher in the first two (2) full school years that the teacher provides instruction to students in elementary school or high school. If a teacher provides instruction to students in elementary school or high school in another state, any full school year, or its equivalent in the other state, that the teacher provides instruction counts toward the two (2) full school years under this subsection.

(g) A teacher who does not receive a raise or increment under subsection (e) may file a request with the superintendent or superintendent's designee not later than five (5) days after receiving notice that the teacher received a rating of ineffective. The teacher is entitled to a private conference with the superintendent or superintendent's designee.

(h) The Indiana education employment relations board established in IC 20-29-3-1 shall publish a model compensation plan with a model salary range that a school corporation may adopt.

(i) Each school corporation shall submit its local compensation plan to the Indiana education employment relations board. For a school year beginning after June 30, 2015, a local compensation plan must specify the range for teacher salaries. The Indiana education employment relations board shall publish the local compensation plans on the Indiana education employment relations board's Internet web site.

(j) The Indiana education employment relations board shall review a compensation plan for compliance with this section as part of its review under IC 20-29-6-6.1. The Indiana education employment relations board has jurisdiction to determine compliance of a compensation plan submitted under this section.

(k) This chapter may not be construed to require or allow a school corporation to decrease the salary of any teacher below the salary the teacher was earning on or before July 1, 2015, if that decrease would be made solely to conform to the new compensation plan.

(l) After June 30, 2011, all rights, duties, or obligations established under IC 20-28-9-1 before its repeal are considered rights, duties, or

obligations under this section.

(m) An employment agreement described in IC 20-28-6-7.3 between an adjunct teacher and a school corporation is not subject to this section.

SECTION 16. IC 20-29-2-13, AS ADDED BY P.L.1-2005, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 13. "School employee" means a full-time certificated person in the employment of the school employer. A school employee is considered full time even though the employee does not work during school vacation periods and accordingly works less than a full year. The term does not include:

(1) supervisors;

(2) confidential employees;

(3) employees performing security work; ~~and~~

(4) noncertificated employees; **and**

(5) adjunct teachers who hold permits issued under IC 20-28-5-27.

SECTION 17. IC 20-29-6-7, AS AMENDED BY P.L.73-2019, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 7. A school employer shall discuss with the exclusive representative of certificated employees the following items:

(1) Curriculum development and revision.

(2) Selection of curricular materials.

(3) Teaching methods.

(4) Hiring, evaluation, promotion, demotion, transfer, assignment, and retention of certificated employees.

(5) Student discipline.

(6) Expulsion or supervision of students.

(7) Pupil/teacher ratio.

(8) Class size or budget appropriations.

(9) Safety issues for students and employees in the workplace, except those items required to be kept confidential by state or federal law.

(10) Hours.

(11) Funding for a plan for a remediation program for any subset of students enrolled in kindergarten through grade 12.

(12) The following nonbargainable items under IC 20-43-10-3.5:

(A) Teacher appreciation grants.

(B) Individual teacher appreciation grant stipends to teachers.

(C) Additions to base salary based on teacher appreciation grant stipends.

(13) The pre-evaluation planning session required under

IC 20-28-11.5-4.

(14) The superintendent's report to the governing body concerning staff performance evaluations required under IC 20-28-11.5-9.

(15) A teacher performance model.

(16) The use of adjunct teachers permitted under IC 20-28-5-27.

SECTION 18. IC 20-31-3-1, AS AMENDED BY P.L.242-2017, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The state board shall adopt clear, concise, and jargon free state academic standards that are comparable to national and international academic standards and the college and career readiness educational standards adopted under IC 20-19-2-14.5. These academic standards must be adopted for each grade level from kindergarten through grade 12 for the following subjects:

(1) English/language arts.

(2) Mathematics.

(3) Social studies.

(4) Science.

(b) For grade levels tested under the statewide assessment program, the academic standards must be based in part on the results of the statewide assessment program.

(c) The state board shall, in consultation with postsecondary educational institutions and various businesses and industries, identify what skills or traits students need to be successful upon completion of high school. The department must conduct a research study to define essential postsecondary skills to promote enlistment, enrollment, and employment. The study must inform a reduction in high school standards to align to essential skills needed for postsecondary success. The study must be submitted to the state board and to the general assembly in an electronic format under IC 5-14-6 on or before December 1, 2022. Not later than June 1, 2023, the department must provide recommended reductions to the Indiana academic standards with a goal of defining no more than thirty-three percent (33%) of the number of academic standards in effect on July 1, 2022, as essential for grades 9 through 12 to the state board. Additional standards may be included for vertical articulation to ensure academic and postsecondary success, not to exceed seventy-five percent (75%) of the academic standards in effect on July 1, 2022. Not later than June 1, 2024, the department must provide recommended reductions to the Indiana academic standards with a goal of defining no more than thirty-three percent (33%) of the number of

academic standards in effect on July 1, 2022, as essential for kindergarten through grade 8 to the state board. Additional standards may be included for vertical articulation to ensure academic and postsecondary success, not to exceed seventy-five percent (75%) of the academic standards in effect on July 1, 2022. A realignment of the ILEARN assessment reflecting the reduction must be completed not later than March 1, 2025.

(d) Upon receipt and review of the information received under subsection (c), the state board shall adopt Indiana academic standards for grades 9 through 12 and subsequently for kindergarten through grade 8 relating to academic standards needed to meet the skills or traits identified by the study. The academic standards developed under this subsection must be included within the reduced number of academic standards required by subsection (c). The department shall submit the academic standards to the state board for approval in a manner prescribed by the state board and the state board shall approve academic standards in accordance with the requirements described in this subsection not later than June 1, 2024.

SECTION 19. IC 20-31-3-3, AS AMENDED BY P.L.73-2011, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. The department shall revise and update academic standards:

(1) for each grade level from kindergarten through grade 12; and

(2) in each subject area listed in section 2 of this chapter;

at least once every six (6) years **in addition to the requirements described in section 1(c) and 1(d) of this chapter.** This revision must occur on a cyclical basis.

SECTION 20. IC 20-31-4.1-10, AS ADDED BY P.L.92-2020, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. The state board shall adopt rules under IC 4-22-2, **and may adopt emergency rules under IC 4-22-2-37.1,** necessary to implement this chapter.

SECTION 21. IC 20-37-2-13, AS ADDED BY P.L.187-2021, SECTION 62 AND P.L.216-2021, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2022]: Sec. 13. (a) As used in this section, "applicable high school" means a high school at which all the students participate in a work based learning course (as defined in IC 20-43-8-0.7) or school based enterprise.

(b) As used in this section, "primary use of the building" means an occupancy classification that is:

(1) most closely related to the intended use of the building; and

(2) determined by the rules of the fire prevention and building safety commission established by IC 22-12-2-1 ~~in effect at the time that the applicable high school is first opened.~~ **that apply to the building immediately preceding the date that the applicable high school agrees to use the building.**

(c) **Except as provided in subsection (d),** an applicable high school shall comply with all rules of the fire prevention and building safety commission applicable to the primary use of the building.

(d) The fire prevention and building commission may grant a variance under IC 22-13-2-11 to the rules applicable to the primary use of the building necessary to implement this section.

SECTION 22. IC 20-52 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 52. STUDENT ENRICHMENT GRANTS

Chapter 1. Applicability

Sec. 1. This article applies after June 30, 2022.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Account" refers to an Indiana enrichment scholarship account established by an enrichment student's parent under IC 20-52-4-1.

Sec. 3. "Enrichment student" refers to an individual who:

(1) has legal settlement in Indiana; and

(2) meets the criteria established by the department under IC 20-52-3-3(a).

Sec. 4. "Participating entity" means any individual or entity who provides a qualified expense who is approved by the department under IC 20-52-5-1.

Sec. 5. "Program" refers to the Indiana student enrichment grant program established by IC 20-52-3-1.

Sec. 6. "Qualified expenses" means enrichment materials, activities, or programs approved by the department to improve student proficiency in math or reading.

Chapter 3. Administration of the Indiana Student Enrichment Grant Program

Sec. 1. The Indiana student enrichment grant program is established to provide grants to a parent of an enrichment student under IC 20-52-4 after August 31, 2022.

Sec. 2. (a) The program shall be administered by the department.

(b) The department may contract with one (1) or more entities to maintain and manage accounts established under IC 20-52-4-1. Each entity shall:

(1) meet qualification requirements established by the department; and

(2) comply with generally accepted accounting principles.

(c) The department shall establish reasonable fees for entities described in subsection (b) participating in the program based upon market rates.

Sec. 3. (a) To be considered an enrichment student, the student must at a minimum:

(1) have experienced learning loss;

(2) have fallen behind in acquiring anticipated grade level academic skills and knowledge;

(3) have scored below academic standards or average benchmarks; or

(4) be at risk of falling below academic standards.

However, the department may establish more stringent criteria for determining eligibility for a grant under this article.

(b) For each school year, the department shall determine, based on the amount of funds available for the program, the number of grants that the department will award under the program. The number of applications approved and the number of grants awarded under this article by the department for the school year may not exceed the number determined by the department under this section.

(c) Only federal funds may be used to award grants under this article. A grant may not be made under this article after funds received by the department from the Elementary and Secondary School Emergency Relief Fund (ESSER fund) are exhausted.

Chapter 4. Enrichment Grant Accounts

Sec. 1. (a) After August 31, 2022, a parent of an enrichment student may establish an Indiana enrichment scholarship account for the eligible student by entering into a written agreement with the department on a form prepared by the department. The department may establish deadlines for the submission of applications. The account of an enrichment student shall be made in the name of the enrichment student. The department shall make the agreement available on the Internet web site of the department. To be eligible, a parent of an enrichment student wishing to participate in the program must agree that:

(1) a grant deposited in the enrichment student's account

under section 2 of this chapter will be used only for the enrichment student's qualified expenses;

(2) the parent of the enrichment student will use money in the account for the enrichment student's study in the subject of reading or math;

(3) the parent will share the enrichment student's ILEARN assessment results with the participating entity; and

(4) services relating to qualified services will not be provided to the enrichment student during normal school hours.

(b) A parent of an enrichment student may enter into a separate agreement under subsection (a) for each child of the parent. However, not more than one (1) account may be established for each enrichment student.

(c) An agreement entered into under this section for an enrichment student terminates automatically for the enrichment student if the enrichment student no longer resides in Indiana while the enrichment student is eligible to receive grants under section 2 of this chapter.

(d) An agreement made under this section for an enrichment student may be terminated before the end of the school year if the parent of the enrichment student notifies the department in a manner specified by the department.

(e) A distribution made to an account under section 2 of this chapter is considered tax exempt as long as the distribution is used for a qualified expense. The amount is subtracted from the definition of adjusted federal gross income under IC 6-3-1-3.5 to the extent the distribution used for the qualified expense is included in the taxpayer's adjusted federal gross income under the Internal Revenue Code.

Sec. 2. (a) An enrichment student who currently maintains an account is entitled to a one (1) time grant amount. The department shall deposit the enrichment grant amount under this section, as a one (1) time deposit, into an enrichment student's account in a manner established by the department.

(b) Except as provided in subsection (c), at the end of the year in which an account is established, the parent of an enrichment student may roll over for use in a subsequent year the amount available in the enrichment student's account.

(c) An enrichment student's account shall terminate October 1, 2024.

Sec. 3. (a) Subject to section 7 of this chapter, the one (1) time enrichment grant amount under section 2 of this chapter for an

enrichment student equals the greater of:

(1) five hundred dollars ($500); or

(2) if the school corporation or school provides a matching grant to the enrichment student under this section, one thousand dollars ($1,000).

(b) A school corporation or a school may provide a matching grant of two hundred fifty dollars ($250) to an enrichment student under this chapter. However, the matching grant may only consist of federal funds received by the school corporation or school. If the school corporation or school provides matching grants, the school corporation or school may suggest qualified providers for particular services.

Sec. 4. Upon entering into an agreement under this chapter, the department shall provide to the parent of an enrichment student:

(1) a written explanation of the authorized uses of the money in the account and the responsibilities of the parent of an enrichment student and the department regarding an account established under section 1 of this chapter; and

(2) a notice explaining that the parent of the enrichment student is responsible for using the enrichment grant to address the reason the enrichment student is eligible to receive the grant under IC 20-52-3-3(a).

Sec. 5. This chapter does not prohibit a parent of an enrichment student from making a payment for any qualified expense from a source other than the enrichment student's account.

Sec. 6. A participating entity that receives a payment for a qualified expense may not refund any part of the payment directly to the parent of the enrichment student. Any refund provided by a participating entity shall be deposited into the enrichment student's account.

Sec. 7. (a) The department shall freeze the account established under section 1 of this chapter of any parent of an enrichment student who:

(1) fails to comply with the terms of the agreement established under section 1 of this chapter;

(2) fails to comply with applicable laws or regulations; or

(3) substantially misuses funds in the account.

(b) The department shall send written notice to the parent of the enrichment student stating the reason for the freeze under subsection (a). The department may also send notice to the attorney general or the prosecuting attorney in the county in which the parent of the enrichment student resides if the department

believes a crime has been committed or a civil action relating to the account is necessary.

(c) A parent of an enrichment student whose account has been frozen under subsection (a) may petition the department for redetermination of the decision under subsection (a) within thirty (30) days after the date the department sends notice to the parent of the enrichment student under subsection (b). The petition must contain a written explanation stating why the department was incorrect in freezing the account under subsection (a). If the department does not receive a timely submitted petition from a parent of an enrichment student under this subsection, the department shall terminate the account.

(d) The department shall review a petition received under subsection (c) within fifteen (15) business days of receipt of the petition and issue a redetermination letter to the parent of the enrichment student. If the department overturns the department's initial decision under subsection (a), the department shall immediately unfreeze the account. If the department affirms the decision under subsection (a), the department shall give notice of the affirmation to the parent of the enrichment student and terminate the account.

Sec. 8. Distributions made to an account under section 2 of this chapter or money in the account may not be treated as income or a resource for purposes of qualifying for any other federal or state grant or program administered by the state or a political subdivision.

Chapter 5. Participating Entities

Sec. 1. (a) The following individuals, organizations, or entities may become a participating entity by submitting an application to the department in a manner prescribed by the department:

(1) An organization or tutoring agency that provides private tutoring.

(2) An organization or entity that provides services to a student with a disability in accordance with an individualized education program developed under IC 20-35 or a service plan developed under 511 IAC 7-34 or generally accepted standards of care prescribed by the enrichment student's treating physician.

(3) An organization or entity that offers a course or program to an enrichment student.

(4) An organization or entity that provides or offers a qualified expense.

(5) Community based organizations.

(6) Philanthropic organizations.

(7) Institutions of higher education.

(8) Prospective, current, and retired teachers.

(b) Upon completion of services by a participating entity, the participating entity must provide the enrichment student's school with a summary of services performed by the participating entity for the enrichment student, including any assessment results or other information used to evaluate the enrichment student's progress to demonstrate that learning recovery has occurred.

(c) The department may approve an application submitted under subsection (a) if the individual, organization, or entity meets the criteria to serve as a participating entity.

(d) Each participating entity that accepts payments made from an account under this article shall provide a receipt to the parent of an enrichment student for each payment made.

Sec. 2. (a) The department may refuse to allow a participating entity to continue participation in the program and revoke the participating entity's status as a participating entity if the department determines that the participating entity accepts payments made from an account under this article and:

(1) has failed to provide any educational service required by state or federal law to an enrichment student receiving instruction from the participating entity; or

(2) has routinely failed to meet the requirements of a participating entity under the program.

(b) If the department revokes a participating entity's status as a participating entity in the program, the department shall provide notice of the revocation within thirty (30) days of the revocation to each parent of an enrichment student receiving instruction from the participating entity who has paid the participating entity from the enrichment student's account.

(c) The department may permit a former participating entity described in subsection (a) to reapply with the department for authorization to be a participating entity on a date established by the department, which may not be earlier than one (1) year after the date on which the former participating entity's status as a participating entity was revoked under subsection (a). The department may establish reasonable criteria or requirements that the former participating entity must meet before being reapproved by the department as a participating entity.

Sec. 3. An approved participating entity:

(1) may not charge an enrichment student participating in the program an amount greater than a similarly situated student who is receiving the same or similar services; and

(2) shall provide a receipt to a parent of an enrichment student for each qualified expense charged for education or related services provided to the enrichment student.

Sec. 4. The department shall annually make available on the department's Internet web site a list of participating entities.

Chapter 6. Rulemaking

Sec. 1. The state board may adopt rules under IC 4-22-2, including emergency rules in the manner provided under IC 4-22-2-37.1, necessary to administer this article.

Chapter 7. Expiration

Sec. 1. This article expires July 1, 2025.

SECTION 23. [EFFECTIVE UPON PASSAGE] **(a) The Indiana state board of education shall amend rules under IAC 575 as necessary to comply with IC 20-18-2-1.7 and IC 20-27, as amended by this act.**

(b) This SECTION expires on June 30, 2023.

SECTION 24. **An emergency is declared for this act**.

Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: _____ Time: _____