

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6517

BILL NUMBER: HB 1169

NOTE PREPARED: Dec 9, 2025

BILL AMENDED:

SUBJECT: College Savings Tax Credit.

FIRST AUTHOR: Rep. Klinker

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: Beginning in taxable year 2027, this bill increases the credit provided for a contribution to an Indiana529 savings plan against a taxpayer's adjusted gross income from \$1,500 to \$2,500 (and from \$750 to \$1,250 in the case of a married individual filing a separate return), subject to other requirements.

Effective Date: January 1, 2027.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will experience additional workload and expenses to put the bill's changes in place. The DOR should be able to make these changes within current resource levels.

Explanation of State Revenues: The bill increases the maximum annual income tax credit amount a taxpayer may claim for contributions to an Indiana529 Plan from \$1,500 to \$2,500. The credit modification is effective beginning in tax year 2027. The bill is estimated to reduce state General Fund revenue by up to \$34 M annually beginning in FY 2028.

Additional Information - This tax credit may be claimed by individual taxpayers who make contributions to an Indiana529 Plan. The credit is equal to 20% of the taxpayer's annual contributions to an Indiana529 Plan, up to a current maximum credit of \$1,500 annually. The credit is nonrefundable, and unused credits may not be carried forward or carried back.

The revenue loss associated with the bill was estimated using a combination of data from the DOR and the Indiana Education Savings Authority. The estimate assumes that the same percent of taxpayers that claimed the maximum credit in tax year 2023 (29%) would claim the new maximum \$2,500 credit provided by this bill. In tax year 2023, 120,248 tax filers claimed \$104.9 M in credits. The estimate accounts for tax filers who would have insufficient tax liabilities to claim the full credit amount.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; Indiana Education Savings Authority.

Local Agencies Affected:

Information Sources: LSA Income Tax Database; Indiana Education Savings Authority.

Fiscal Analyst: Camille Tesch, 317-232-5293.