

HOUSE BILL No. 1282

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-12.

Synopsis: College savings program. Makes various changes to the state's Indiana529 plan to conform to Section 529 of the Internal Revenue Code.

Effective: January 1, 2026 (retroactive).

Heine, Judy, Snow, Heaton

January 6, 2026, read first time and referred to Committee on Ways and Means.



Introduced

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1282

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 6-3-3-12, AS AMENDED BY P.L.205-2025,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2026 (RETROACTIVE)]: Sec. 12. (a) As used in this
4 section, "account" has the meaning set forth in IC 21-9-2-2.
5 (b) As used in this section, "account beneficiary" has the meaning
6 set forth in IC 21-9-2-3.
7 (c) As used in this section, "account owner" has the meaning set
8 forth in IC 21-9-2-4.
9 (d) As used in this section, "Indiana529 plan" refers to an
10 Indiana529 plan established under IC 21-9.
11 (e) As used in this section, "contribution" means the amount of
12 money directly provided to an Indiana529 plan account by a taxpayer.
13 A contribution does not include any of the following:
14 (1) Money credited to an account as a result of bonus points or
15 other forms of consideration earned by the taxpayer that result in
16 a transfer of money to the account.
17 (2) Money transferred from any other qualified tuition program



1 under Section 529 of the Internal Revenue Code or from any other
 2 similar plan.

3 (3) Money transferred from any qualified ABLE program under
 4 Section 529A of the Internal Revenue Code or any other similar
 5 plan.

6 (f) As used in this section, "nonqualified withdrawal" means: ~~a withdrawal or distribution from an Indiana529 plan that is not a~~
 7 ~~qualified withdrawal~~.

8 (1) **a withdrawal or distribution that will be used for**
 9 **expenses:**

10 (A) **listed in Section 529 of the Internal Revenue Code in**
 11 **connection with enrollment or attendance at an elementary**
 12 **or secondary public, private, or religious school; and**

13 (B) **that are not qualified K-12 education expenses;**

14 (2) **a rollover distribution or transfer of assets from an**
 15 **Indiana529 plan to:**

16 (A) **any other qualified tuition program under Section 529**
 17 **of the Internal Revenue Code;**

18 (B) **any qualified ABLE program under Section 529A of**
 19 **the Internal Revenue Code other than an Indiana ABLE**
 20 **529A savings plan adopted by the state under IC 12-11; or**

21 (C) **any similar plan to a plan described in clause (A) or**
 22 **(B);**

23 (3) **any qualified education loan repayments under Section**
 24 **529(c)(9) of the Internal Revenue Code; or**

25 (4) **any other withdrawal or distribution from an Indiana529**
 26 **plan that is not a qualified withdrawal.**

27 (g) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5. ~~except that the term does not include qualified education loan repayments under Section 529(e)(9) of the Internal Revenue Code.~~

28 (h) As used in this section, "qualified K-12 education expenses" means expenses that are ~~for tuition listed in Section 529 of the Internal Revenue Code~~ in connection with enrollment or attendance at an elementary or secondary public, private, or religious school located in Indiana. ~~and are permitted under Section 529 of the Internal Revenue Code.~~

29 (i) As used in this section, "qualified withdrawal" means a withdrawal or distribution from an Indiana529 plan that is made:

30 (1) to pay for qualified higher education expenses ~~other than~~
 31 ~~expenses listed in subsection (f)(1) or (f)(3),~~ excluding any
 32 withdrawals or distributions used to pay for qualified higher



1 education expenses, if the withdrawals or distributions are made
2 from an account of an Indiana529 plan that is terminated within
3 twelve (12) months after the account is opened;
4 (2) as a result of the death or disability of an account beneficiary;
5 as a payment or distribution described in Section
6 530(d)(4)(B)(i)-(iv) of the Internal Revenue Code;
7 (3) because an account beneficiary received a scholarship that
8 paid for all or part of the qualified higher education expenses of
9 the account beneficiary, to the extent that the withdrawal or
10 distribution does not exceed the amount of the scholarship; or
11 (4) (3) by an Indiana529 plan as the result of a transfer of funds
12 by an Indiana529 plan from one (1) third party custodian to
13 another; or
14 (4) for taxable years beginning after December 31, 2025, a
15 special rollover to a Roth IRA in accordance with Section 529
16 of the Internal Revenue Code.

17 However, a qualified withdrawal does not include a withdrawal or
18 distribution that will be used for expenses that are for tuition in
19 connection with enrollment or attendance at an elementary or
20 secondary public, private, or religious school unless the school is
21 located in Indiana. A qualified withdrawal does not include a rollover
22 distribution or transfer of assets from an Indiana529 plan to any other
23 qualified tuition program under Section 529 of the Internal Revenue
24 Code, to any qualified ABLE program under Section 529A other than
25 an Indiana ABLE 529A savings plan adopted by the state under
26 IC 12-11, or to any other similar plan.

27 (j) As used in this section, "taxpayer" means:
28 (1) an individual filing a single return;
29 (2) a married couple filing a joint return; or
30 (3) for taxable years beginning after December 31, 2019, a
31 married individual filing a separate return.

32 (k) A taxpayer is entitled to a credit against the taxpayer's adjusted
33 gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable
34 year equal to the least of the following:

35 (1) Twenty percent (20%) multiplied by the amount of the total
36 contributions that are made by the taxpayer to an account or
37 accounts of an Indiana529 plan during the taxable year.

38 (2) One thousand five hundred dollars (\$1,500), or seven hundred
39 fifty dollars (\$750) in the case of a married individual filing a
40 separate return.

41 (3) The amount of the taxpayer's adjusted gross income tax
42 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,



(2) the taxpayer's electronic funds transfer is initiated, for contributions that are submitted to an Indiana529 plan by electronic funds transfer.

15 (o) To receive the credit provided by this section, a taxpayer must
16 claim the credit on the taxpayer's annual state tax return or returns in
17 the manner prescribed by the department. The taxpayer shall submit to
18 the department all information that the department determines is
19 necessary for the calculation of the credit provided by this section.

(p) An account owner of an account of an Indiana529 plan must repay all or a part of the credit in a taxable year in which any nonqualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:

24 (1) twenty percent (20%) of the total amount of nonqualified
25 withdrawals made during the taxable year from the account; or
26 (2) the excess of:

(A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the account for all **current or** prior taxable years beginning on or after January 1, 2007; over
(B) the cumulative amount of repayments paid by the account owner under this subsection for all **current or** prior taxable years beginning on or after January 1, 2008

36
37 (r) A nonresident account owner who is not required to file an
38 annual income tax return for a taxable year in which a nonqualified
39 withdrawal is made shall make any required repayment on the form
40 required under IC 6-3-4-1(2). If the nonresident account owner does
41 not make the required repayment, the department shall issue a demand
42 notice in accordance with IC 6-8.1-5-1.



10 (1) For purposes of this section, all or part of a contribution made
11 after the end of a taxable year, and not later than the due date of
12 the taxpayer's adjusted gross income tax return for the taxable
13 year under this article (as determined without regard to any
14 allowable extensions), shall be considered as having been made
15 during the taxable year preceding the contribution if:

16 (A) the taxpayer elects to treat all or part of a contribution as
17 occurring in the taxable year preceding the contribution;

(B) the taxpayer designates the amounts of the contribution to be treated as occurring in each taxable year, in the case of a single contribution that is to be allowable under this section in two (2) separate years; and

(C) the taxpayer irrevocably waives the right to claim the contribution claimed in the taxable year preceding the contribution as occurring in the taxable year of the contribution.

26 (2) The Indiana education savings authority may prescribe any
27 forms necessary for purposes of this subsection.

SECTION 2. An emergency is declared for this act.

