

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

LS 6632

BILL NUMBER: HB 1282

NOTE PREPARED: Dec 31, 2025

BILL AMENDED:

SUBJECT: College Savings Program.

FIRST AUTHOR: Rep. Heine

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill makes various changes to the state's Indiana 529 plan to conform to Section 529 of the Internal Revenue Code.

Effective Date: January 1, 2026 (retroactive).

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur 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: *529 Education Savings Plan and Tax Credit:* For purposes of the Indiana 529 tax credit, the bill makes changes to the definitions of terms while incorporating references to Section 529 of the Internal Revenue Code (IRC). Since Indiana income tax code broadly refers to IRC as it applied on January 1, 2023, any update to IRC since that date will not be included under this bill.

The provision changing the definition of "qualified withdrawal" removes withdrawals related to death and disability and withdrawals as a result of scholarship awards. It also adds withdrawals as distributions to a Coverdell Education Savings Account or special rollover to a Roth IRA. These changes could impact the amount of contributions to Indiana 529 savings accounts, potentially impacting the amount of 529 tax credit claimed by Indiana taxpayers. It could also impact the amount of repayment by the taxpayer that occurs due to non qualified withdrawals. The fiscal impact from these provisions is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Randhir Jha, 317-232-9556.