

HOUSE BILL No. 1331

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-30.5; IC 20-51.

Synopsis: School scholarship tax credits. Increases the percentage of the contribution allowed to be claimed for the school scholarship tax credit (tax credit) from 50% to 75%. Allows taxpayers that commit to making a contribution of at least the same amount for at least two consecutive years to claim the tax credit in an amount equal to 90% of the amount of the contribution. Increases the total amount of tax credits that may be awarded for a state fiscal year from \$18,500,000 to \$80,000,000. Provides a calculation for an annual increase of the total amount of tax credits for future state fiscal years based on the tax credit's usage. Expands the definition of "participating school" for purposes of the certification of scholarship granting organizations by removing language providing for accreditation and administration of tests under the statewide assessment program or other norm-referenced assessment of the school's students. Requires the receipt prescribed by the department of state revenue for use in an agreement to be a scholarship granting organization to include whether a taxpayer commits to making contributions of at least the same amount for at least two consecutive years.

Effective: July 1, 2026.

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



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. 1331

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 6-3.1-30.5-8, AS ADDED BY P.L.182-2009(ss),
2 SECTION 205, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2026]: Sec. 8. **(a) Except as provided in**
4 **subsection (b), the amount of a taxpayer's credit is equal to:**

5 **(1) for taxable years beginning before January 1, 2027, fifty**
6 **percent (50%) of the amount of the contribution made to the**
7 **scholarship granting organization for a school scholarship**
8 **program; or**

9 **(2) for taxable years beginning after December 31, 2026,**
10 **seventy-five percent (75%) of the amount of the contribution**
11 **made to the scholarship granting organization for a school**
12 **scholarship program.**

13 **(b) For taxable years beginning after December 31, 2026, the**
14 **amount of a taxpayer's credit is equal to ninety percent (90%) of**
15 **the amount of the contribution made to the scholarship granting**
16 **organization for a school scholarship program, if the taxpayer**
17 **commits to providing the scholarship granting organization with**



a contribution of at least the same amount for at least two (2) consecutive years.

SECTION 2. IC 6-3.1-30.5-13, AS AMENDED BY P.L.201-2023, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 13. (a) The total amount of tax credits awarded under this chapter may not exceed nine million five hundred thousand dollars (\$9,500,000) in the state fiscal year beginning July 1, 2016, and ending June 30, 2017.

(b) The total amount of tax credits awarded under this chapter in a state fiscal year may not exceed the following:

(1) Twelve million five hundred thousand dollars (\$12,500,000) for the state fiscal year beginning July 1, 2017, and ending June 30, 2018.

(2) Fourteen million dollars (\$14,000,000) for the state fiscal year beginning July 1, 2018, and ending June 30, 2019.

(3) Fifteen million dollars (\$15,000,000) for the state fiscal year beginning July 1, 2019, and ending June 30, 2020.

(4) Sixteen million five hundred thousand dollars (\$16,500,000) for the state fiscal year beginning July 1, 2020, and ending June 30, 2021.

(5) Seventeen million five hundred thousand dollars (\$17,500,000) for the state fiscal year beginning July 1, 2021, and ending June 30, 2022.

(6) Eighteen million five hundred thousand dollars (\$18,500,000) for the state fiscal year beginning July 1, 2022, and ending June 30, 2023, and for each state fiscal year thereafter: **2027.**

(7) Eighty million dollars (\$80,000,000) for the state fiscal year beginning July 1, 2027, and for each state fiscal year thereafter, as adjusted under subsection (c).

(c) Before October 1, 2028, and before October 1 of each year thereafter, the department shall adjust the total amount of tax credits awarded as follows:

(1) If the total amount of tax credits awarded are greater than or equal to ninety percent (90%) of the amount allowed for the immediately preceding state fiscal year, the total amount of tax credits that may be awarded for the state fiscal year in which the determination is made under this subsection is equal to:

(A) the total amount of credits allowed for the immediately preceding state fiscal year (including any adjustment under this subsection); multiplied by

(B) one and one-tenth (1.1).



(2) If the total amount of tax credits awarded are less than ninety percent (90%) of the amount allowed for the immediately preceding state fiscal year, the total amount of tax credits that may be awarded for the state fiscal year in which the determination is made under this subsection is equal to the greater of:

(A) eighty million dollars (\$80,000,000); or

(B) the total amount of credits allowed to be awarded for the immediately preceding state fiscal year (including any adjustment under this subsection).

However, the total amount of credits that may be awarded for a state fiscal year may not exceed one hundred million dollars (\$100,000,000).

SECTION 3. IC 6-3.1-30.5-14, AS AMENDED BY P.L.1-2025, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 14. The department, on a website used by the department to provide information to the public, shall provide the following information:

(1) The application for the credit provided in this chapter.

(2) A timeline for receiving the credit provided in this chapter.

(3) The total amount of credits awarded under this chapter during the current state fiscal year.

(4) The total amount of credits, as adjusted under section 13(c) of this chapter, that may be awarded under this chapter for a state fiscal year after June 30, 2028.

SECTION 4. IC 20-51-1-6, AS AMENDED BY P.L.214-2025, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 6. (a) "Participating school" refers to a nonpublic school **with at least one (1) employee** that:

(1) an eligible student is required to pay tuition to attend; **and**

(2) voluntarily agrees to enroll an eligible student.

~~(3) is accredited by either the state board or a national or regional accreditation agency that is recognized by the state board; and~~

~~(4) administers the tests under the statewide assessment program or administers another nationally recognized and norm-referenced assessment of the school's students.~~

(b) The term does not include a public school in a school corporation where the eligible student has legal settlement under IC 20-26-11.

SECTION 5. IC 20-51-3-3, AS AMENDED BY P.L.211-2013, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3. An agreement entered into under section 1 of



1 this chapter between the department and a scholarship granting
 2 organization must require the scholarship granting organization to do
 3 the following:

4 (1) Provide a receipt to taxpayers for contributions made to the
 5 scholarship granting organization that will be used in a school
 6 scholarship program. The department of state revenue shall
 7 prescribe a standardized form for the receipt issued under this
 8 subdivision. The receipt must indicate:

9 (A) the value of the contribution and part of the contribution
 10 being designated for use in a school scholarship program; and

11 **(B) whether a taxpayer commits to making contributions**
 12 **of at least the same amount for at least two (2) consecutive**
 13 **years to substantiate the credit provided under**
 14 **IC 6-3.1-30.5-8(b).**

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

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

19 (4) Distribute one hundred percent (100%) of any income earned
 20 on contributions as school scholarships to eligible students.

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

26 (6) Make the reports required by this chapter.

