



February 12, 2026

ENGROSSED

SENATE BILL No. 161

DIGEST OF SB 161 (Updated February 11, 2026 12:53 pm - DI 110)

Citations Affected: IC 6-3.1; IC 20-53; IC 22-4.1.

Synopsis: Education matters. Requires the Indiana department of education to elect to participate as a covered state in the federal tax credit scholarship program for elementary and secondary education under Section 25F of the Internal Revenue Code (enacted in Public Law 119-21, commonly known as the One Big Beautiful Bill Act of 2025). Makes conforming changes to the school scholarship tax credit in current law. Requires the governor and the department of workforce development, in consultation with the commission for higher education, to: (1) establish a process to identify eligible workforce training programs; (2) establish a process for institutions and programs to apply for recognition as an eligible workforce training program; (3) coordinate certain workforce training matters; and (4) require eligible workforce training programs to provide certain datasets to the department. Provides that the department of workforce development must maintain alignment with federal rules governing workforce Pell grants.

Effective: Upon passage; July 1, 2026; January 1, 2027.

Raatz, Rogers, Garten

(HOUSE SPONSORS — BEHNING, MCGUIRE, DAVIS)

January 5, 2026, read first time and referred to Committee on Education and Career Development.

January 15, 2026, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.

January 20, 2026, reported favorably — Do Pass.

January 22, 2026, read second time, amended, ordered engrossed.

January 23, 2026, engrossed.

January 26, 2026, read third time, passed. Yeas 42, nays 2.

HOUSE ACTION

January 28, 2026, read first time and referred to Committee on Education.

February 12, 2026, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 126.3.

ES 161—LS 6719/DI 143



February 12, 2026

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.

ENGROSSED SENATE BILL No. 161

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

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

1 SECTION 1. IC 6-3.1-30.5-3, AS AMENDED BY P.L.92-2011,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2027]: Sec. 3. As used in this chapter, "scholarship
4 granting organization" refers to:
5 (1) an organization that:
6 (†) (A) is exempt from federal income taxation under Section
7 501(c)(3) of the Internal Revenue Code; and
8 (‡) (B) conducts a school scholarship program without limiting
9 the availability of scholarships to students of only one (1)
10 participating school (as defined in IC 20-51-1-6); or
11 (2) an organization that:
12 (A) meets the requirements described in subdivision (1);
13 and
14 (B) is included on the list submitted to the Secretary of the
15 Treasury of the United States for the taxable year under
16 IC 20-53-1.
17 SECTION 2. IC 20-53 IS ADDED TO THE INDIANA CODE AS

ES 161—LS 6719/DI 143



1 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON
2 PASSAGE]:

3 **ARTICLE 53. STATE PARTICIPATION IN FEDERAL TAX**
4 **CREDIT SCHOLARSHIP PROGRAM**

5 **Chapter 1. State List of Scholarship Granting Organizations**

6 **Sec. 1. The department is authorized to and shall as early as**
7 **practicable elect to participate as a covered state in the federal tax**
8 **credit scholarship program for elementary and secondary**
9 **education under Section 25F of the Internal Revenue Code.**

10 **Sec. 2. (a) The department shall identify qualified scholarship**
11 **granting organizations located in Indiana that meet the**
12 **requirements set forth in section 4 of this chapter.**

13 **(b) The department shall accept applications throughout the**
14 **year from scholarship granting organizations wishing to be**
15 **identified as a qualified scholarship granting organization under**
16 **subsection (a).**

17 **Sec. 3. (a) Not later than the first day of January each year, the**
18 **department shall submit to the Secretary of the Treasury of the**
19 **United States the list of qualified scholarship granting**
20 **organizations identified under section 2(a) of this chapter that are**
21 **located in Indiana and publish the list submitted under this**
22 **subsection on its website.**

23 **(b) The department shall on each list submitted under**
24 **subsection (a) certify its authority to do so as required under**
25 **Section 25F(g)(2) of the Internal Revenue Code.**

26 **Sec. 4. (a) A scholarship granting organization shall be included**
27 **on the list of qualified scholarship granting organizations**
28 **submitted by the department to the Secretary of the Treasury of**
29 **the United States under this chapter, if the organization:**

30 **(1) is a nonprofit organization with the primary purpose of**
31 **providing scholarships to students; and**

32 **(2) meets the requirements described in Section 25F(c)(5) of**
33 **the Internal Revenue Code.**

34 **(b) A scholarship granting organization (as defined in**
35 **IC 6-3.1-30.5-3(1)) for purposes of the tax credit under**
36 **IC 6-3.1-30.5 is eligible to be included on the list of qualified**
37 **scholarship granting organizations under this chapter, if the**
38 **scholarship granting organization meets the requirements under**
39 **subsection (a). Each year the department shall provide to the**
40 **department of state revenue a list of the scholarship granting**
41 **organizations (as defined in IC 6-3.1-30.5-3(1)) that are also**
42 **included on the list of qualified scholarship granting organizations**



1 submitted by the department to the Secretary of the Treasury of
2 the United States under this chapter.

3 SECTION 3. IC 22-4.1-4-16 IS ADDED TO THE INDIANA CODE
4 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
5 1, 2026]: Sec. 16. (a) As used in this section, "high skill, high wage,
6 or in demand industry sectors or occupations" means sectors or
7 occupations identified by the state pursuant to the Carl D. Perkins
8 Career and Technical Education Act of 2006 (20 U.S.C. 2301 et
9 seq.) and applicable state and local workforce development
10 processes.

11 (b) The governor and the department, in consultation with the
12 commission for higher education (established by IC 21-18-2-1)
13 shall do the following:

14 (1) Establish a process to identify eligible workforce training
15 programs that prepare students for high skill, high wage, or
16 in demand industry sectors or occupations for workforce Pell
17 grants.

18 (2) Establish a process for institutions and programs to:

19 (A) apply for recognition as an eligible workforce training
20 program;

21 (B) be approved for workforce Pell grants; and

22 (C) appeal denials of workforce Pell grants.

23 (3) Coordinate certification and oversight of eligible
24 workforce training programs with:

25 (A) workforce focused agencies;

26 (B) workforce related programs; and

27 (C) state and federal programs.

28 (4) Require eligible workforce training programs to provide
29 data required under applicable federal workforce Pell grant
30 regulations, including:

31 (A) program completion rates;

32 (B) job placement rates; and

33 (C) graduate earnings.

34 (c) The department shall ensure that the implementation of this
35 section does not impose requirements more restrictive than, or
36 inconsistent with, any applicable federal rules governing the
37 workforce Pell grant program.

38 SECTION 4. An emergency is declared for this act.



COMMITTEE REPORT

Mr. President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 161, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 10, delete "and" and insert "**or**".

Page 3, line 3, delete "December" and insert "**January**".

Page 3, line 12, delete "is eligible to" and insert "**shall**".

Page 3, delete lines 31 through 42.

Page 4, delete lines 1 through 42, begin a new paragraph and insert:

"SECTION 5. IC 22-4.1-4-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 16. (a) As used in this section, "High skill, high wage, or in demand industry sectors or occupations" means sectors or occupations identified by the state pursuant to the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 et seq.) and applicable state and local workforce development processes.**

(b) The department, in consultation with the commission for higher education (established under IC 21-18-2-1) shall do the following:

- (1) Establish a process to identify and approve eligible workforce training programs that prepare students for high skill, high wage, or in demand industry sectors or occupations for workforce Pell grants.**
- (2) Establish a process for institutions and programs to:**
 - (A) apply for recognition as an eligible workforce training program;**
 - (B) be approved for workforce Pell grants; and**
 - (C) appeal denials of workforce Pell grants.**
- (3) Coordinate certification and oversight of eligible workforce training programs with:**
 - (A) workforce focused agencies;**
 - (B) workforce related programs; and**
 - (C) state and federal programs.**
- (4) Require eligible workforce training programs to provide data required under applicable federal workforce Pell grant regulations, including:**
 - (A) program completion rates;**
 - (B) job placement rates; and**
 - (C) graduate earnings.**



(c) The department shall ensure that the implementation of this section does not impose requirements more restrictive than, or inconsistent with, any applicable federal rules governing the workforce Pell grant program."

Page 5, delete lines 1 through 26.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 161 as introduced.)

RAATZ, Chairperson

Committee Vote: Yeas 10, Nays 3.

COMMITTEE REPORT

Mr. President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 161, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 161 as printed January 16, 2026.)

HOLDMAN, Chairperson

Committee Vote: Yeas 9, Nays 1

SENATE MOTION

Mr. President: I move that Senate Bill 161 be amended to read as follows:

Page 3, line 39, delete "The department," and insert "**The governor and the department,**".

Page 3, line 42, delete "and approve".

(Reference is to SB 161 as printed January 21, 2026.)

RAATZ



COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred Senate Bill 161, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete line 17.

Page 2, delete lines 1 through 27.

Page 3, line 33, delete ""High" and insert ""**high**".

Page 3, line 40, delete "under" and insert "**by**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 161 as reprinted January 23, 2026.)

BEHNING

Committee Vote: yeas 7, nays 4.

