
SENATE BILL No. 161

AM016104 has been incorporated into introduced printing.

Synopsis: Education matters.

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2026

IN 161—LS 6719/DI 143



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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.

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
7 Section 501(c)(3) of the Internal Revenue Code; and
8 (2) (B) conducts a school scholarship program without
9 limiting the availability of scholarships to students of only
10 one (1) 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**
15 **the Treasury of the United States for the taxable year**

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under IC 20-53-1.

SECTION 2. IC 6-3.1-30.5-11, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 11. (a) To apply a credit against the taxpayer's state tax liability, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department the information that the department determines is necessary for the department to determine whether the taxpayer is eligible for the credit.

(b) To the extent a taxpayer claims the credit under this chapter for qualified contributions (as defined in Section 25F(c)(3) of the Internal Revenue Code) to a scholarship granting organization that is on the list of qualified scholarship granting organizations under IC 20-53-1 for the taxable year, the taxpayer must identify the following on the taxpayer's annual state tax return for such qualified contributions:

(1) Each scholarship granting organization to which a qualified contribution was made.

(2) The total amount of the taxpayer's qualified contributions for the taxable year.

(3) The amount of the credit claimed for those qualified contributions under this chapter for the taxable year.

The department may prescribe any forms necessary for purposes of this subsection. The department's state tax return instruction shall include notice to a taxpayer that a credit amount identified in this subsection that is claimed under this chapter may correspondingly reduce the taxpayer's allowable federal tax credit under Section 25F(b)(2) of the Internal Revenue Code.

SECTION 3. IC 20-53 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 53. STATE PARTICIPATION IN FEDERAL TAX CREDIT SCHOLARSHIP PROGRAM

Chapter 1. State List of Scholarship Granting Organizations

Sec. 1. The department is authorized to and shall as early as practicable 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.

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



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

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

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

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

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

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

(b) A scholarship granting organization (as defined in IC 6-3.1-30.5-3(1)) for purposes of the tax credit under IC 6-3.1-30.5 is eligible to be included on the list of qualified scholarship granting organizations under this chapter, if the scholarship granting organization meets the requirements under subsection (a). Each year the department shall provide to the department of state revenue a list of the scholarship granting organizations (as defined in IC 6-3.1-30.5-3(1)) that are also included on the list of qualified scholarship granting organizations submitted by the department to the Secretary of the Treasury of the United States under this chapter.

SECTION 4. 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.

SECTION 5. An emergency is declared for this act.

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