

PRINTING CODE. Deletions appear in ~~this style type~~. Insertions appear in this style type. Typeface changes are shown in **this** *this* this style **type** or in **this** *this* this style **type**.

SENATE BILL No. 161

Proposed Changes to introduced printing by AM016104

DIGEST OF PROPOSED AMENDMENT

Education matters. Removes a provision requiring the department of education to adopt rules. Removes a provision concerning low earning outcome degree programs. Requires the department of workforce development, in consultation with the commission for higher education, to establish certain processes concerning workforce training programs.

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 (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); ~~and~~
11 or

12 (2) an organization that:

13 (A) meets the requirements described in subdivision (1);
14 and
15 (B) is included on the list submitted to the Secretary of
16 the Treasury of the United States for the taxable year
17 under IC 20-53-1.

18 SECTION 2. IC 6-3.1-30.5-11, AS ADDED BY P.L.182-2009(ss),

2026

IN 161—LS 6719/DI 143



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 SECTION 205, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2027]: Sec. 11. **(a)** To apply a credit
 3 against the taxpayer's state tax liability, a taxpayer must claim the credit
 4 on the taxpayer's annual state tax return or returns in the manner
 5 prescribed by the department. The taxpayer shall submit to the
 6 department the information that the department determines is necessary
 7 for the department to determine whether the taxpayer is eligible for the
 8 credit.

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

- 16 **(1) Each scholarship granting organization to which a**
 17 **qualified contribution was made.**
- 18 **(2) The total amount of the taxpayer's qualified**
 19 **contributions for the taxable year.**
- 20 **(3) The amount of the credit claimed for those qualified**
 21 **contributions under this chapter for the taxable year.**

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

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

31 **ARTICLE 53. STATE PARTICIPATION IN FEDERAL TAX**
 32 **CREDIT SCHOLARSHIP PROGRAM**

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

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

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

41 **(b) The department shall accept applications throughout the**
 42 **year from scholarship granting organizations wishing to be**

2026

IN 161—LS 6719/DI 143



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 identified as a qualified scholarship granting organization under
 2 subsection (a).

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

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

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

17 (1) is a nonprofit organization with the primary purpose of
 18 providing scholarships to students; and
 19 (2) meets the requirements described in Section 25F(c)(5) of
 20 the Internal Revenue Code.

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

32 ~~Sec. 5. The department shall adopt rules under IC 4-22-2
 33 regarding:~~

34 ~~(1) the administration process; and~~

35 ~~(2) the documentation necessary;~~

36 ~~for an entity to be listed as a qualified scholarship granting
 37 organization under this chapter.~~

38 ~~SECTION 4. IC 21-18-9-12 IS ADDED TO THE INDIANA
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS
 40 [EFFECTIVE JULY 1, 2026]: Sec. 12. (a) As used in this section,
 41 "low earning outcome degree program" refers to the term as
 42 described in Section 84001(c)(2) of the One Big Beautiful Bill Act~~



1 of 2025 (Public Law 119-21).

2 (b) The commission shall adopt rules to prohibit funding that
 3 the commission administers under IC 21-18-6-2 or IC 21-18.5-4
 4 from being allocated or expended, directly or indirectly, to low
 5 earning outcome degree programs. The rules must include
 6 allocations or expenditures for the following categories of higher
 7 education funding:

8 (1) Individual student financial aid.

9 (2) Separately or specially appropriated aid or grants.

10 (c) The commission shall annually review updated federal
 11 determinations of low earning outcome degree programs to revise
 12 the rules adopted under subsection (b) as necessary.

13 (d) The commission shall submit an annual report to the
 14 general assembly, in an electronic format under IC 5-14-6, that
 15 includes the following information:

16 (1) Any low earning outcome degree program that the
 17 commission has prohibited from receiving funding described
 18 in subsection (b).

19 (2) The commission's efforts at enforcing the prohibitions
 20 described in subsection (b).

21 (3) The estimated fiscal impact of the prohibitions described
 22 in subsection (b).

23 SECTION 5>|

24 SECTION 4. IC 22-4.1-4-16 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE JULY 1, 2026]: Sec. 16. (a) <The following definitions
 27 apply throughout this section:

28 (1) "Eligible workforce training program" refers to a
 29 program that meets the requirements in Section 83002 of the
 30 federal One Big Beautiful Bill Act of 2025 (Public Law
 31 119-21).

32 (2) "High skill industry sectors or occupations" refers to
 33 sectors or occupations that require postsecondary education,
 34 experience, or training beyond a high school diploma.

35 (3) "High wage industry sectors or occupations" refers to
 36 sectors or occupations with earnings above one hundred fifty
 37 percent (150%) of the federal poverty level for individual
 38 earners.

39 (4) "In>[As used in this section, "High skill, high wage, or in]
 40 demand industry sectors or occupations" <refers to>[means]
 41 sectors or occupations identified<=

42 (A) in state, regional, or>[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 ~~or labor market~~ projections;

(B) as growing or emerging sectors or occupations; or
(C) as having projected shortages or hiring demand>[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 .

(A) high skill industry sectors or occupations;

~~(B) high wage industry sectors or occupations; and~~

→ **[high skill, high wage, or] in demand industry sectors or occupations ↵**
for workforce Bill grants

II. Job 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 ~~the approval~~ [certification and oversight] of eligible workforce training programs with:

(A) workforce focused agencies:

(B) workforce related programs

(C) state and federal programs.

Require eligible workforce training

(c) Require eligible workforce training programs to provide data ~~to demonstrate program outcomes, as determined by the department~~ [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 ~~is consistent~~ [does not impose requirements more restrictive than, or inconsistent] with [] any applicable federal rules governing the workforce Pell grant program.

SECTION ~~45~~5. An emergency is declared for this act.1

1

