

PRINTING CODE. Deletions appear in <this style type>. Insertions appear in [this style type]. Typeface changes are shown in < this > < style > < type > or in [this] [style] [type].

SENATE BILL No. 161

Proposed Changes to January 23, 2026 printing by AM016105

DIGEST OF PROPOSED AMENDMENT

Information on state tax returns. Removes a provision that requires a taxpayer to identify certain information on the taxpayer's annual state tax return. Makes technical corrections.

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

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

SECTION 1. IC 6-3.1-30.5-3, AS AMENDED BY P.L.92-2011, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2027]: Sec. 3. As used in this chapter, "scholarship granting organization" refers to:

(1) an organization that:

(1) (A) is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; and

(2) (B) conducts a school scholarship program without limiting the availability of scholarships to students of only one (1) participating school (as defined in IC 20-51-1-6); or

(2) an organization that:

(A) meets the requirements described in subdivision (1); and

(B) is included on the list submitted to the Secretary of the Treasury of the United States for the taxable year 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~~

M
a
r
k
u
p

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

1 department the information that the department determines is necessary
2 for the department to determine whether the taxpayer is eligible for the
3 credit.

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

11 ~~— (1) Each scholarship granting organization to which a~~
12 ~~qualified contribution was made:~~

13 ~~— (2) The total amount of the taxpayer's qualified~~
14 ~~contributions for the taxable year:~~

15 ~~— (3) The amount of the credit claimed for those qualified~~
16 ~~contributions under this chapter for the taxable year:~~

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

23 > SECTION <3>^[2]. IC 20-53 IS ADDED TO THE INDIANA
24 CODE AS A NEW ARTICLE TO READ AS FOLLOWS
25 [EFFECTIVE UPON PASSAGE]:

26 **ARTICLE 53. STATE PARTICIPATION IN FEDERAL TAX**
27 **CREDIT SCHOLARSHIP PROGRAM**

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

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

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

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

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

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

49 **Sec. 4. (a)** A scholarship granting organization shall be

M
a
r
k
u
p

1 included on the list of qualified scholarship granting organizations
 2 submitted by the department to the Secretary of the Treasury of
 3 the United States under this chapter, if the organization:

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

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

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

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

27 (b) The governor and the department, in consultation with the
 28 commission for higher education (established ~~<under>~~[by]
 29 IC 21-18-2-1) shall do the following:

30 (1) Establish a process to identify eligible workforce training
 31 programs that prepare students for high skill, high wage, or
 32 in demand industry sectors or occupations for workforce Pell
 33 grants.

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

35 (A) apply for recognition as an eligible workforce
 36 training program;

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

38 (C) appeal denials of workforce Pell grants.

39 (3) Coordinate certification and oversight of eligible
 40 workforce training programs with:

41 (A) workforce focused agencies;

42 (B) workforce related programs; and

43 (C) state and federal programs.

44 (4) Require eligible workforce training programs to provide
 45 data required under applicable federal workforce Pell grant
 46 regulations, including:

47 (A) program completion rates;

48 (B) job placement rates; and

49 (C) graduate earnings.

M
a
r
k
u
p

1 **(c) The department shall ensure that the implementation of**
2 **this section does not impose requirements more restrictive than, or**
3 **inconsistent with, any applicable federal rules governing the**
4 **workforce Pell grant program.**
5 SECTION ~~4~~⁴. An emergency is declared for this act.

M
a
r
k
u
p