

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All School Corporations

FROM: Micah G. Vincent, Commissioner *MGV*

RE: Transfers from General Fund to Transportation and Bus Replacement Funds

DATE: May 17, 2013

On May 11, 2013, Governor Mike Pence signed into law Senate Enrolled Act 517 ("SEA 517"). Sections 36 through 38 introduce changes permitting school corporations to make certain transfers from the general fund to the transportation or bus replacement funds. This memorandum addresses these changes. Please note, this memorandum is intended to be an informative bulletin, not a substitute for reading the law.

Section 36 amends IC 20-40-2-4 such that after June 30, 2013, a school corporation may make a transfer from its general fund to its transportation fund (IC 20-40-6) or school bus replacement fund (IC 20-40-7) if the amount of revenue loss from:

- (1) the circuit breaker credits under IC 6-1.1-20.6-7.5 (in the amount that affects the school corporation's transportation fund or school bus replacement fund); plus
- (2) allocations to the school transportation fund or school bus replacement fund resulting from the granting of circuit breaker credits under IC 6-1.1-20.6-7.5 to protect the protected taxes as provided in IC 6-1.1-20.6-9.8;

is more than 75% of the school corporation's transportation fund levy or school bus replacement fund levy for the year for which the latest certified levies have been determined. The amount of the transfer may not exceed 50% of revenue lost by the school corporation's transportation fund or school bus replacement fund. This amendment is effective July 1, 2013.

Section 37 amends IC 20-40-7-6 (permitted uses of school bus replacement fund) to conform to the amendments to IC 20-40-2-4 respecting transfers from the general fund to the school bus replacement fund. This amendment is effective July 1, 2013.

Section 38 amends IC 20-40-9-6 such that a school corporation may, before July 1, 2015, transfer excess money in its debt service fund to its transportation fund if the transfer is approved by the Distressed Unit Appeals Board ("DUAB") under IC 6-1.1-20.3-8.4. This amendment is effective upon passage.

Questions may be directed to Staff Attorney Mike Duffy at (317) 233-9219 or mduffy@dlgf.in.gov.