

January 12, 1998

HOUSE BILL No. 1222

DIGEST OF HB 1222 (Updated January 12, 1998 3:44 pm - DI 58)

Citations Affected: IC 6-1.1; IC 21-2-11.5-3.1; IC 21-2-15-5; IC 21-3-1.7; P.L.50-1996; P.L.6-1997, SECTION 86; P.L.6-1997, SECTION 190; P.L.6-1997, SECTION 192.

Synopsis: School funding formula. Changes the date by which the state board of tax commissioners must notify school corporations of the assessment ratio and adjustment factor calculated for the school corporation by the state board of tax commissioners. Modifies the general fund property tax levy limitation formula for school corporations to change the manner in which the property tax assessment adjustment factor determined by the state board of tax commissioners is incorporated into the formula. Changes the tuition support formula to eliminate the reduction factor used to determine formula ADM for schools that lose students one year and then gain students the following year. Changes the comparison for the minimum guarantee of 3% so that money attributable to a loss in federal aid, referendum property tax levy increases, or new facilities is considered. Delays the implementation of fiscal year budgeting for a school

(Continued next page)

Effective: See text of bill.

Bauer

January 8, 1998, read first time and referred to Committee on Ways and Means.
January 12, 1998, amended, reported — Do Pass.

HB 1222—LS 7081/DI 58+



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Digest Continued

corporation. Continues the pilot project for ten school corporations until July 1, 2001. Provides that the local match of state grants to school corporations for alternative education programs is one-third of the state grant rather than a flat \$250. Uses program enrollment rather than attendance in the computation of the number of full-time equivalent students for which the state grant provides reimbursement. Provides that the expiration date for the statute containing the school general fund property tax levy limitations is the same as the expiration date for the statutes containing the school funding formula. Adds rounding rules for all calculations. Repeals obsolete provisions.

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January 12, 1998

Second Regular Session 110th General Assembly (1998)

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 1997 General Assembly.

HOUSE BILL No. 1222

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

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

- 1 SECTION 1. IC 6-1.1-19-1.5, AS AMENDED BY
2 P.L.260-1997(ss), SECTION 48, IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:
4 Sec. 1.5. (a) ~~The following definitions apply throughout As used in this~~
5 section and IC 21-3-1.7,
6 (1) "Adjusted general fund property tax rate" means the school
7 corporation's actual rate adjusted by the school corporation's
8 assessment ratio as determined by the state board of tax
9 commissioners.
10 (2) "Previous year adjusted general fund property tax rate" means
11 a school corporation's previous year adjusted general fund
12 property tax rate as determined under this section but after the
13 reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and
14 IC 21-3-1.7-5(3). "adjustment factor" means the adjustment
15 factor determined by the state board of tax commissioners for

HB 1222—LS 7081/DI 58+



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1 **a school corporation under IC 6-1.1-34.**

2 (b) Except as otherwise provided in this chapter, a school
3 corporation may not, for an ensuing calendar year, impose a general
4 fund ad valorem property tax levy which exceeds the following:

5 STEP ONE: Determine the **product of the** school corporation's
6 target general fund property tax rate **determined** under
7 IC 21-3-1.7-6.8 **multiplied by the school corporation's**
8 **adjustment factor.**

9 STEP TWO: Subtract the school corporation's previous year
10 general fund property tax rate ~~before the assessment ratio~~
11 ~~adjustment but~~ after the reductions cited in IC 21-3-1.7-5(1),
12 IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3) from the school
13 corporation's **adjusted** target general fund property tax rate
14 determined under STEP ONE.

15 **STEP THREE: Determine the product of:**

16 **(A) the school corporation's target general fund property**
17 **tax rate determined under IC 21-3-1.7-6.8; multiplied by**

18 **(B) the quotient resulting from:**

19 **(i) the absolute value of the result of the school**
20 **corporation's adjustment factor minus one (1); divided**
21 **by**

22 **(ii) two (2).**

23 ~~STEP THREE:~~ **FOUR:** Determine the levy resulting from the
24 school corporation's previous year ~~adjusted~~ general fund property
25 tax rate **after the reductions prescribed by IC 21-3-1.7-5(1),**
26 **IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3):**

27 (A) plus the lesser of:

28 (i) in 1998 only, the STEP TWO result divided by two (2);

29 (ii) **in 1999 only**, the STEP TWO result; or

30 (iii) **in 1998 and in 1999, the sum of fifteen cents (\$0.15)**
31 **plus, if the school corporation's adjustment factor is**
32 **more than one (1), the STEP THREE product;**

33 if the school corporation's previous year general fund property
34 tax rate ~~before the assessment ratio adjustment but~~ after the
35 reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and
36 IC 21-3-1.7-5(3) is not more than the school corporation's
37 **adjusted** target general fund property tax rate determined
38 under STEP ONE; or

39 (B) minus the lesser of:

40 (i) the absolute value of the STEP TWO result; or

41 (ii) **the sum of twenty-five cents (\$0.25) plus, if the school**
42 **corporation's adjustment factor is less than one (1), the**

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1 **STEP THREE product;**
 2 if the school corporation's previous year general fund property
 3 tax rate ~~before the assessment ratio adjustment but~~ after the
 4 reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and
 5 IC 21-3-1.7-5(3) exceeds the school corporation's **adjusted**
 6 target general fund property tax rate determined under STEP
 7 ONE.

8 ~~STEP FOUR:~~ **FIVE:** Determine the sum of:
 9 (A) the ~~STEP THREE~~ **FOUR** amount; plus
 10 (B) an amount equal to the annual decrease in federal aid to
 11 impacted areas from the year preceding the ensuing calendar
 12 year by three (3) years to the year preceding the ensuing
 13 calendar year by two (2) years.

14 The maximum levy is to include the portion of any excessive levy and
 15 the levy for new facilities.

16 (c) For purposes of this section, "total assessed value", as adjusted
 17 under subsection (d), with respect to a school corporation means the
 18 total assessed value of all taxable property for ad valorem property
 19 taxes first due and payable during that year.

20 (d) The state board of tax commissioners may adjust the total
 21 assessed value of a school corporation to eliminate the effects of
 22 appeals and settlements arising from statewide general reassessment of
 23 real property.

24 (e) The state board shall annually establish an assessment ratio **and**
 25 **adjustment factor** for each school corporation to be used upon the
 26 review and recommendation of the budget committee. The information
 27 compiled, including background documentation, may not be used in a:

- 28 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
 29 IC 6-1.1-14, or IC 6-1.1-15;
 30 (2) petition for a correction of error under IC 6-1.1-15-12; or
 31 (3) petition for refund under IC 6-1.1-26.

32 (f) All tax rates shall be computed by rounding the rate to the
 33 nearest one-hundredth of a cent (\$0.0001). **All tax levies shall be**
 34 **computed by rounding the levy to the nearest dollar amount.**

35 **(g) This section expires January 1, 2000.**

36 SECTION 2. IC 6-1.1-34-6 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. (a) After the state
 38 board of tax commissioners calculates a new assessment ratio for a
 39 school corporation and before publishing the new ratio, the board shall
 40 send a notice of the new assessment ratio to the county auditor, the
 41 county assessor, and the governing body of the school corporation. The
 42 state board of tax commissioners shall send these notices ~~on or~~ before



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1 ~~the second Tuesday in May~~ **March 2** of each year in which the board
 2 calculates a new assessment ratio for the school corporation.

3 (b) Within thirty (30) days after notification of a new assessment
 4 ratio, the county auditor, the county assessor, or the governing body of
 5 the school corporation may:

- 6 (1) examine and verify the state board of tax commissioners' data;
 7 and
 8 (2) make suggestions concerning the values established by the
 9 board.

10 SECTION 3. IC 6-1.1-34-7 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 7. Each year in which
 12 the state board of tax commissioners computes a new assessment ratio
 13 for a school corporation, the board shall also compute a new
 14 adjustment factor for the school corporation. If the school corporation's
 15 assessment ratio for a year is more than ninety-nine percent (99%) but
 16 less than one hundred one percent (101%) of the state average
 17 assessment ratio for that year, the school corporation's adjustment
 18 factor is the number one (1). In all other cases, the school corporation's
 19 adjustment factor equals (1) the state average assessment ratio for a
 20 year, divided by (2) the school corporation's assessment ratio for that
 21 year. The state board of tax commissioners shall notify the school
 22 corporation of its new adjustment factor ~~on or before July 1st~~ **March**
 23 **2** of the year in which the board calculates the new adjustment factor.

24 SECTION 4. IC 21-2-11.5-3.1, AS AMENDED BY P.L.6-1997,
 25 SECTION 190, IS AMENDED TO READ AS FOLLOWS
 26 [EFFECTIVE JANUARY 1, 1999]: Sec. 3.1. (a) Before a governing
 27 body may collect property taxes for the school transportation fund's
 28 school bus replacement account in a particular calendar year, the
 29 governing body must, after January 1 and not later than September 20
 30 of the immediately preceding year for all years before ~~1999~~ **2001** and
 31 not later than January 31 for ~~1999~~ **2001** and all subsequent years:

- 32 (1) conduct a public hearing on; and
 33 (2) pass a resolution to adopt;

34 a plan under this section.

35 (b) The state board of tax commissioners shall prescribe the format
 36 of the plan. A plan must apply to at least the ten (10) budget years
 37 immediately following the year the plan is adopted. A plan must at
 38 least include the following:

- 39 (1) An estimate for each year to which it applies of the nature and
 40 amount of proposed expenditures from the transportation fund's
 41 school bus replacement account.
 42 (2) A presumption that the minimum useful life of a school bus is



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- 1 not less than ten (10) years.
- 2 (3) An identification of:
- 3 (A) the source of all revenue to be dedicated to the proposed
- 4 expenditures in the upcoming budget year; and
- 5 (B) the amount of property taxes to be collected in that year
- 6 and the unexpended balance to be retained in the account for
- 7 expenditures proposed for a later year.
- 8 (4) If the school corporation is seeking to:
- 9 (A) acquire; or
- 10 (B) contract for transportation services that will provide;
- 11 additional school buses or school buses with a larger seating
- 12 capacity as compared to the number and type of school buses
- 13 from the prior school year, evidence of a demand for increased
- 14 transportation services within the school corporation. Clause (B)
- 15 does not apply if contracted transportation services are not paid
- 16 from the school bus replacement account.
- 17 (5) If the school corporation is seeking to:
- 18 (A) replace an existing school bus earlier than ten (10) years
- 19 after the existing school bus was originally acquired; or
- 20 (B) require a contractor to replace a school bus;
- 21 evidence that the need exists for the replacement of the school
- 22 bus. Clause (B) does not apply if contracted transportation
- 23 services are not paid from the school bus replacement account.
- 24 (6) Evidence that the school corporation that seeks to acquire
- 25 additional school buses under this section is acquiring or
- 26 contracting for the school buses only for the purposes specified in
- 27 subdivision (4) or for replacement purposes.
- 28 (c) After reviewing the plan, the state board of tax commissioners
- 29 shall certify its approval, disapproval, or modification of the plan to the
- 30 governing body and the auditor of the county. The state board of tax
- 31 commissioners may seek the recommendation of the school property
- 32 tax control board with respect to this determination. The action of the
- 33 state board of tax commissioners with respect to the plan is final.
- 34 (d) The state board of tax commissioners may approve
- 35 appropriations from the transportation fund's school bus replacement
- 36 account only if the appropriations conform to a plan that has been
- 37 adopted in compliance with this section.
- 38 (e) A governing body may amend a plan adopted under this section.
- 39 When an amendment to a plan is required, the governing body must
- 40 declare the nature of and the need for the amendment and must show
- 41 cause as to why the original plan no longer meets the transportation
- 42 needs of the school corporation. The governing body must then conduct

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1 a public hearing on and pass a resolution to adopt the amendment to the
 2 plan. The plan, as proposed to be amended, must comply with the
 3 requirements for a plan under subsection (b). This amendment to the
 4 plan is not subject to the deadline for adoption described in subsection
 5 (a). However, the amendment to the plan must be submitted to the state
 6 board of tax commissioners for its consideration and is subject to
 7 approval, disapproval, or modification in accordance with the
 8 procedures for adopting a plan set forth in this section.

9 (f) If a public hearing is scheduled under this section, the governing
 10 body shall publish a notice of the public hearing and the proposed plan
 11 or amendment to the plan in accordance with IC 5-3-1-2(b).

12 SECTION 5. IC 21-2-15-5, AS AMENDED BY P.L.6-1997,
 13 SECTION 192, IS AMENDED TO READ AS FOLLOWS
 14 [EFFECTIVE JANUARY 1, 1999]: Sec. 5. (a) Before a governing body
 15 may collect property taxes for a capital projects fund in a particular
 16 year, the governing body must, after January 1 and not later than
 17 September 20 of the immediately preceding year for all years before
 18 ~~1999~~ **2001** and not later than January 31 for ~~1999~~ **2001** and all
 19 subsequent years hold a public hearing on a proposed plan and then
 20 pass a resolution to adopt a plan.

21 (b) The state board of tax commissioners shall prescribe the format
 22 of the plan. A plan must apply to at least the three (3) years
 23 immediately following the year the plan is adopted. A plan must
 24 estimate for each year to which it applies the nature and amount of
 25 proposed expenditures from the capital projects fund. A plan must
 26 estimate:

- 27 (1) the source of all revenue to be dedicated to the proposed
- 28 expenditures in the upcoming calendar year; and
- 29 (2) the amount of property taxes to be collected in that year and
- 30 retained in the fund for expenditures proposed for a later year.

31 (c) If a hearing is scheduled under subsection (a), the governing
 32 body shall publish the proposed plan and a notice of the hearing in
 33 accordance with IC 5-3-1-2(b).

34 SECTION 6. IC 21-3-1.7-5 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:
 36 Sec. 5. As used in this chapter, "tuition support levy" means with
 37 respect to a school corporation for a year the maximum general fund ad
 38 valorem property tax levy for the school corporation determined under
 39 IC 6-1.1-19-1.5 reduced by the following:

- 40 (1) An amount equal to the annual decrease in federal aid to
- 41 impacted areas from the year preceding the ensuing calendar year
- 42 by three (3) years to the year preceding the ensuing calendar year



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- 1 by two (2) years.
- 2 (2) The original amount of any excessive tax levy the school
3 corporation imposed as a result of the passage, during the
4 preceding year, of a referendum under ~~IC 6-1.1-19-4(e)(1)(bb)~~ or
5 IC 6-1.1-19-4.5(c) for taxes first due and payable during the year.
- 6 (3) The portion of the maximum general fund levy for the year
7 that equals the original amount of the levy imposed by the school
8 corporation to cover the costs of opening a new school facility
9 during the preceding year.
- 10 SECTION 7. IC 21-3-1.7-6.6, AS ADDED BY P.L.260-1997(ss),
11 SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 6.6. For purposes of this
13 chapter, a school corporation's adjusted current ADM is the result
14 determined under STEP SEVEN of the following formula:
- 15 **STEP ONE: Determine the result greater of the following:**
- 16 (A) The school corporation's ADM for the previous year.
17 minus
18 (B) The school corporation's current ADM.
- 19 **STEP TWO: ~~Multiply the STEP ONE result by eight-tenths (0.8).~~**
20 **Determine the remainder of:**
- 21 (A) **the school corporation's ADM for the year preceding**
22 **the current year by two (2) years; minus**
23 **(B) the STEP ONE result.**
- 24 **STEP THREE: Determine the greater of the following:**
- 25 (A) The STEP TWO result.
26 (B) Zero (0).
- 27 **STEP FOUR: Determine the greater of zero (0) or the result of the**
28 **school corporation's ADM for the year preceding the current year**
29 **by two (2) minus the school corporation's ADM for the previous**
30 **year.**
- 31 **STEP FIVE: FOUR: Multiply the STEP FOUR THREE result by**
32 **six-tenths (0.6).**
- 33 **STEP SIX: This STEP applies if the STEP TWO result is**
34 **negative. Determine the greater of the following:**
- 35 (A) The STEP FIVE result minus the absolute value of the
36 STEP TWO result.
37 (B) Zero (0).
- 38 **STEP SEVEN: Determine the greater of the following:**
- 39 (A) **The remainder of the school corporation's ADM for**
40 **the previous year minus the school corporation's current**
41 **ADM.**
42 (B) Zero (0).



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1 **STEP SIX: Multiply the STEP FIVE result by eight-tenths**
 2 **(0.8).**

3 STEP SEVEN: Determine the sum of the following:

- 4 (A) The school corporation's current ADM.
 5 (B) The result determined under STEP ~~THREE~~: **FOUR**.
 6 (C) The result determined under
 7 (i) ~~STEP SIX~~, if applicable; ~~or~~
 8 (ii) ~~STEP FIVE~~, if ~~STEP SIX~~ does not apply.

9 Round the result to the nearest five-tenths (0.5).

10 SECTION 8. IC 21-3-1.7-7 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:
 12 Sec. 7. If a computation under this chapter results in a fraction **and a**
 13 **rounding rule is not specified**, the fraction shall be rounded ~~to~~ **as**
 14 **follows:**

15 (1) **If it is a tax rate calculation, to the nearest one-hundredth**
 16 **of a cent (\$0.0001).**

17 (2) **If it is a tuition support calculation, to the nearest cent**
 18 **(\$0.01).**

19 (3) **If it is a calculation not covered by subdivision (1) or (2),**
 20 **to the nearest ten-thousandth (.0001). ~~or~~**

21 ~~(2) the nearest cent;~~

22 **whichever is applicable.**

23 SECTION 9. IC 21-3-1.7-8, AS AMENDED BY P.L.260-1997(ss),
 24 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 8. Notwithstanding
 26 IC 21-3-1.6 and subject to section 9 of this chapter, the state
 27 distribution for a calendar year for tuition support for basic programs
 28 for each school corporation equals the result determined using the
 29 following formula:

30 STEP ONE: Determine the greater of the following:

31 (A) The product of:

- 32 (i) the school corporation's target revenue per ADM;
 33 multiplied by
 34 (ii) the school corporation's adjusted current ADM.

35 (B) The product of:

- 36 (i) the school corporation's previous year revenue;
 37 multiplied by
 38 (ii) one and three-hundredths (1.03).

39 (C) **For a school corporation that has target revenue per**
 40 **ADM for a calendar year that is three thousand six**
 41 **hundred seventy-five dollars (\$3,675) in 1998 or three**
 42 **thousand eight hundred eighty-five dollars (\$3,885) in**



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1 **1999, the sum of:**

2 **(i) the school corporation's target revenue per ADM**
 3 **multiplied by the school corporation's adjusted current**
 4 **ADM; plus**

5 **(ii) the amount of the annual decrease in federal aid to**
 6 **impacted areas from the year preceding the ensuing**
 7 **calendar year by three (3) years to the year preceding**
 8 **the ensuing calendar year by two (2) years; plus**

9 **(iii) the original amount of an excessive tax levy the**
 10 **school corporation imposed as a result of the passage,**
 11 **during the preceding year, of a referendum under**
 12 **IC 6-1.1-19-4.5(c) for taxes first due and payable during**
 13 **the year; plus**

14 **(iv) the part of the maximum general fund levy for the**
 15 **year that equals the original amount of the levy imposed**
 16 **by the school corporation to cover the costs of opening a**
 17 **new school facility during the preceding year.**

18 STEP TWO: Determine the remainder of:

19 (A) the STEP ONE amount; minus

20 (B) the sum of:

21 (i) the school corporation's tuition support levy; plus

22 (ii) the school corporation's excise tax revenue for the year
 23 that precedes the current year by one (1) year.

24 If the state tuition support determined for a school corporation under
 25 this section is negative, the school corporation is not entitled to any
 26 state tuition support. In addition, the school corporation's maximum
 27 general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount
 28 of the negative result.

29 SECTION 10. IC 21-3-11-6, AS ADDED BY P.L.260-1997(ss),
 30 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 1998]: Sec. 6. (a) A qualifying school corporation is eligible
 32 to receive a grant from the state for each full-time equivalent student
 33 who is enrolled in an alternative education program conducted for the
 34 school corporation. The maximum amount that may be granted to a
 35 qualifying school corporation in a school year is seven hundred fifty
 36 dollars (\$750) per full-time equivalent student.

37 (b) To receive a grant under this chapter, the school corporation
 38 must expend **on alternative education programs** in the school year a
 39 matching amount of at least ~~two hundred fifty dollars (\$250)~~ **one-third**
 40 **(1/3) of the amount of the state grant** per full-time equivalent
 41 student, ~~on alternative education programs~~, as determined under the
 42 rules adopted by the Indiana state board of education.



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1 SECTION 11. IC 21-3-11-9, AS ADDED BY P.L.260-1997(ss),
2 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1998]: Sec. 9. The number of full-time equivalent students
4 enrolled in an alternative education program during a reporting period
5 is the result determined under STEP SIX of the following formula:

6 STEP ONE: Determine the number of alternative education
7 program sessions that were conducted in a reporting period for a
8 qualifying school corporation as follows:

9 (A) Determine the number of days on which an alternative
10 education program was conducted for an entire morning, as
11 determined under the rules adopted by the Indiana state board
12 of education.

13 (B) Determine the number of days on which an alternative
14 education program was conducted for an entire afternoon, as
15 determined under the rules adopted by the Indiana state board
16 of education.

17 (C) Determine the number of days on which an alternative
18 education program was conducted for an entire evening, as
19 determined under the rules adopted by the Indiana state board
20 of education.

21 (D) Determine the sum of the clause (A), (B), and (C)
22 amounts.

23 STEP TWO: For each morning, afternoon, and evening session of
24 an alternative education program that is used to determine the
25 STEP ONE result, determine the number of eligible students
26 ~~attending~~ **enrolled in** the sessions.

27 STEP THREE: Determine the sum of the STEP TWO amounts.

28 STEP FOUR: Divide the STEP THREE result by the STEP ONE
29 result.

30 STEP FIVE: Divide the STEP ONE result by three hundred sixty
31 (360).

32 STEP SIX: Multiply the STEP FOUR result by the STEP FIVE
33 result.

34 SECTION 12. THE FOLLOWING ARE REPEALED [EFFECTIVE
35 JANUARY 1, 1998 (RETROACTIVE)]: IC 21-3-1.7-6.3; P.L.6-1997,
36 SECTION 86.

37 SECTION 13. P.L.50-1996, SECTION 18, IS AMENDED TO
38 READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: SECTION
39 18. (a) The department of education and the state board of tax
40 commissioners shall select pilot school corporations under subsection
41 (b). Beginning January 1, 1997, the school corporations selected under
42 subsection (b) shall comply with SECTIONS 1 through 18 of this act

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1 as if those SECTIONS were effective January 1, 1997.

2 (b) Before October 1, 1996, the department of education and the
3 state board of tax commissioners shall meet to select ten (10) pilot
4 school corporations. The pilot school corporations shall be selected
5 with the objective that the pilot school corporations collectively
6 represent a broad range of the different types and sizes of school
7 corporations that exist in Indiana. In order to achieve this objective, the
8 department of education and the state board of tax commissioners shall
9 select the pilot school corporations based on the following criteria:

10 (1) The size of the student population within the corporation.

11 (2) The size of the geographic territory served by the corporation.

12 (3) The average growth of the property tax assessed valuation
13 within the corporation's district over the preceding three (3) years.

14 (4) The growth or decline of the ADM (as defined in
15 IC 21-3-1.6-1.1) within the corporation over the preceding three
16 (3) years, excluding any year in which there is a general
17 reassessment.

18 (5) The extent of urban development in the corporation.

19 (6) Any other factors the department of education and the state
20 board of tax commissioners determine are necessary to
21 distinguish a group or category of school corporations that
22 deserve representation by a pilot school corporation.

23 (c) All state and local governmental officials whose official
24 functions relate to this act shall cooperate with the department of
25 education, the state board of tax commissioners, and the pilot school
26 corporations to implement this act.

27 (d) This SECTION expires July 1, ~~1999~~ **2001**.

28 SECTION 14. P.L.50-1996, SECTION 19, IS AMENDED TO
29 READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: SECTION
30 19. (a) The initial school year budget adopted by a pilot school
31 corporation selected under SECTION 18 of this act and fixed by the
32 state board of tax commissioners under this act is for the period
33 beginning July 1, 1997, through June 30, 1998. The first six (6) months
34 of the initial budget for a pilot school corporation must be consistent
35 with the last six (6) months of the budget fixed by the state board of tax
36 commissioners for calendar year 1997 under the procedures effective
37 in 1996.

38 (b) The initial school year budget adopted by a school corporation,
39 other than a pilot school corporation selected under SECTION 18 of
40 this act, and fixed by the state board of tax commissioners under this
41 act, is for the period beginning July 1, ~~1999~~ **2001**, through June 30,
42 ~~2000~~ **2002**. The first six (6) months of the initial budget must be



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1 consistent with the last six (6) months of the budget fixed by the state
 2 board of tax commissioners for calendar year ~~1999~~ **2001** under the
 3 procedures effective in ~~1998~~: **2000**.

4 (c) This SECTION expires July 1, ~~2000~~: **2002**.

5 SECTION 15. P.L.50-1996, SECTION 20, IS AMENDED TO
 6 READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: SECTION
 7 20. (a) The department of education, with the assistance of the state
 8 board of tax commissioners, shall submit to the budget committee the
 9 following concerning all pilot school corporations selected under
 10 SECTION 18 of this act:

11 (1) Before October 1, 1998, a written report that:

12 (A) specifies positive and negative aspects experienced in
 13 formulating a budget under this act;

14 (B) makes recommendations on how to remedy any perceived
 15 inadequacies in the provisions of this act; and

16 (C) analyzes the long term benefits of this act.

17 (2) Before October 1, 1999, a written report that:

18 (A) updates the report made under subdivision (1);

19 (B) outlines adjustments the school corporation made in the
 20 process of converting to formulating a budget under this act;
 21 and

22 (C) provides any other information related to the school
 23 corporation's experiences as a pilot school corporation under
 24 this act that the school corporation believes important to be
 25 made known to the general assembly or other school
 26 corporations before this act takes effect for all school
 27 corporations.

28 (3) **Before October 1, 2000, a written report that:**

29 (A) **updates the report made under subdivision (2);**

30 (B) **outlines adjustments the school corporation made in**
 31 **the process of converting to formulating a budget under**
 32 **this act; and**

33 (C) **provides any other information related to the school**
 34 **corporation's experiences as a pilot school corporation**
 35 **under this act that the school corporation believes**
 36 **important to be made known to the general assembly or**
 37 **other school corporations before this act takes effect for all**
 38 **school corporations.**

39 (4) **Before October 1, 2001, a written report that:**

40 (A) **updates the report made under subdivision (3);**

41 (B) **outlines adjustments the school corporation made in**
 42 **the process of converting to formulating a budget under**

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