

January 28, 1998

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## SENATE BILL No. 352

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DIGEST OF SB 352 (Updated January 27, 1998 11:54 am - DI 44)

**Citations Affected:** IC 4-4; IC 6-1.1; IC 6-3.1; IC 6-3.5; IC 20-1; IC 20-2; IC 20-3; IC 20-3.1; IC 20-4; IC 20-5; IC 20-8.1; IC 20-9.1; IC 20-10.1; IC 21-2; IC 21-4; IC 32-9; IC 36-1; IC 36-7; noncode.

**Synopsis:** Eliminates school general fund property taxes. Eliminates the authority of a school corporation to impose a general fund property tax levy for the general operation and maintenance of the school corporation. Terminates the authority of: (1) Lake County to impose a property tax for a county supplemental school distribution fund; (2) Dearborn County to impose a property tax for a county school distribution fund; and (3) a school corporation in Lake County to impose a property tax for a supplemental school operating reserve fund.  
(Continued next page)

**Effective:** July 1, 1998; January 1, 1999; January 1, 2000; March 1, 2001.

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**Kenley, Ford, Waterman, Meeks,  
Weatherwax, Clark, Dempsey,  
Nugent**

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January 8, 1998, read first time and referred to Committee on Finance.  
January 27, 1998, amended, reported favorably — Do Pass.

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Digest Continued

Continues the authority of a school corporation to impose a property tax levy for certain public libraries, nursery schools, historical societies, art associations, cultural institutions, public playgrounds, and the Children's Museum in Marion County. Provides a method for calculating the amount of financial institution taxes and excise taxes to be distributed to school corporations after the elimination of the school general fund property tax. Recodifies provisions of current law concerning emergency loans to school corporations and the duty of a school corporation to raise sufficient property tax revenues to repay outstanding bonds and other debt payable from the transportation fund, capital projects fund, or debt service fund. Provides that the maximum amount of money that may be loaned to the general fund is computed based on the amount of money available in the general fund rather than the amount of property tax revenue in the fund. Makes related changes.

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January 28, 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.

## SENATE BILL No. 352

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

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

1 SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 1998]: Sec. 9. Any qualified entity receiving a  
3 loan under this chapter may levy an annual tax on personal and real  
4 property located within its geographical limits for industrial  
5 development purposes, in addition to any other tax authorized by  
6 statute to be levied for such purposes, at such rate as will produce  
7 sufficient revenue to pay the annual installment and interest on any  
8 loan made under this chapter. Such a tax may be in addition to the  
9 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,  
10 ~~IC 6-1.1-19~~; and other statutes.

11 SECTION 2. IC 6-1.1-1-8.3 IS ADDED TO THE INDIANA CODE  
12 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
13 JANUARY 1, 2000]: **Sec. 8.3. For purposes of IC 6-1.1-19, "general  
14 fund" means the fund that the governing body of a school  
15 corporation is required to establish by IC 21-2-11-2.**

16 SECTION 3. IC 6-1.1-1-16.5 IS ADDED TO THE INDIANA  
17 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
18 [EFFECTIVE JANUARY 1, 2000]: **Sec. 16.5. For purposes of  
19 IC 6-1.1-19, "school year" means the period from July 1 of each**

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1 **year until June 30 of the following year.**

2 SECTION 4. IC 6-1.1-1-19.5 IS ADDED TO THE INDIANA  
3 CODE AS A NEW SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JANUARY 1, 2000]: **Sec. 19.5. For purposes of**  
5 **IC 6-1.1-19, "tax control board" means the school property tax**  
6 **control board established by IC 6-1.1-19-4.1.**

7 SECTION 5. IC 6-1.1-17-1.5 IS ADDED TO THE INDIANA  
8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 1998]: **Sec. 1.5. (a) This section applies to a**  
10 **budget governing an expenditure from a school corporation's**  
11 **general fund after December 31, 1999.**

12 **(b) A budget for a school corporation's general fund is subject**  
13 **to the same budget and review procedures under this chapter as a**  
14 **fund for which a property tax is levied.**

15 SECTION 6. IC 6-1.1-17-3, AS AMENDED BY P.L.50-1996,  
16 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
17 JANUARY 1, 1999]: Sec. 3. (a) The proper officers of a political  
18 subdivision shall formulate its estimated budget and its proposed tax  
19 rate and tax levy on the form prescribed by the state board of tax  
20 commissioners and approved by the state board of accounts. The  
21 political subdivision shall give notice by publication to taxpayers of:

- 22 (1) the estimated budget;  
23 (2) the estimated maximum permissible levy;  
24 (3) the current and proposed tax levies of each fund; ~~and~~  
25 (4) the amounts of excessive levy appeals to be requested; **and**  
26 **(5) after December 31, 1998, the current and proposed**  
27 **amount of revenue to be distributed by the state during the**  
28 **budget year to the general fund of a school corporation.**

29 In the notice, the political subdivision shall also state the time and  
30 place at which a public hearing will be held on these items. The notice  
31 shall be published twice in accordance with IC 5-3-1 with the first  
32 publication at least ten (10) days before the date fixed for the public  
33 hearing.

- 34 (b) The trustee of each township of the county shall:  
35 (1) estimate the amount necessary to meet the cost of poor relief  
36 in the township for the ensuing calendar year; and  
37 (2) publish with the township budget a tax rate sufficient to meet  
38 the estimated cost of poor relief.

39 The taxes collected as a result of this rate shall be credited to the  
40 county poor fund.

41 (c) The board of directors of a solid waste management district  
42 established under IC 13-21 or IC 13-9.5-2 (before its repeal) may

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1 conduct the public hearing required under subsection (a):

2 (1) in any county of the solid waste management district; and

3 (2) in accordance with the annual notice of meetings published  
4 under IC 13-21-5-2.

5 SECTION 7. IC 6-1.1-17-5.1, AS AMENDED BY P.L.2-1997,  
6 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 JULY 1, 1998]: Sec. 5.1. (a) As used in this section, "school  
8 corporation" has the meaning set forth in IC 20-10.1-1-1.

9 (b) Before February 1 of each year, the officers of a school  
10 corporation shall meet to fix the budget for the school corporation for  
11 the ensuing budget year, with notice given by the same officers.

12 (c) Not later than two (2) days after a school corporation fixes a  
13 budget under subsection (b), the officers of the school corporation shall  
14 file the budget adopted by the school corporation for the ensuing  
15 budget year with the state board of tax commissioners.

16 (d) Each year at least two (2) days before the first meeting of the  
17 county board of tax adjustment held under IC 6-1.1-29-4, a school  
18 corporation shall file with the county auditor:

19 (1) a statement of the tax rate and tax levy fixed by the school  
20 corporation for the ensuing budget year;

21 **(2) after December 31, 1998, the proposed amount of revenue**  
22 **to be distributed by the state during the budget year to the**  
23 **general fund of a school corporation;**

24 ~~(2)~~ **(3)** two (2) copies of the budget adopted by the school  
25 corporation for the ensuing budget year; and

26 ~~(3)~~ **(4)** any written notification from the state board of tax  
27 commissioners under section 16(i) of this chapter that specifies a  
28 proposed revision, reduction, or increase in the budget adopted by  
29 the school corporation for the ensuing budget year.

30 Each year the county auditor shall present these items to the county  
31 board of tax adjustment at the board's first meeting.

32 (e) In a consolidated city, a county containing a consolidated city,  
33 and a second class city, the clerk of the fiscal body shall,  
34 notwithstanding subsection (d), file the adopted budget and tax  
35 ordinances with the county board of tax adjustment not later than two  
36 (2) days after the ordinances are signed by the executive or not later  
37 than two (2) days after action is taken by the fiscal body to override a  
38 veto of the ordinances, whichever is later.

39 SECTION 8. IC 6-1.1-17-8 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) If the county  
41 board of tax adjustment determines that the maximum aggregate tax  
42 rate permitted within a political subdivision under IC ~~1974~~, 6-1.1-18

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1 is inadequate, the county board shall, subject to the limitations  
 2 prescribed in IC ~~1971~~, 6-1.1-19-2 (**repealed January 1, 2000**), file its  
 3 written recommendations in duplicate with the county auditor. The  
 4 board shall include with its recommendations:

5 (1) an analysis of the aggregate tax rate within the political  
 6 subdivision;

7 (2) a recommended breakdown of the aggregate tax rate among  
 8 the political subdivisions whose tax rates compose the aggregate  
 9 tax rate within the political subdivision; and

10 (3) any other information which the county board considers  
 11 relevant to the matter.

12 (b) The county auditor shall forward one (1) copy of the county  
 13 board's recommendations to the state board of tax commissioners and  
 14 shall retain the other copy in his office. The state board of tax  
 15 commissioners shall, in the manner prescribed in section 16 of this  
 16 chapter, review the budgets, tax rates, and tax levies of the political  
 17 subdivisions described in subsection (a)(2) of this section.

18 SECTION 9. IC 6-1.1-17-10 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 10. (a) When the  
 20 aggregate tax rate within a political subdivision, as approved or  
 21 modified by the county board of tax adjustment, exceeds the maximum  
 22 aggregate tax rate prescribed in IC 1971, 6-1.1-18-3(a), the county  
 23 auditor shall certify the budgets, tax rates, and tax levies of the political  
 24 subdivisions whose tax rates compose the aggregate tax rate within the  
 25 political subdivision, as approved or modified by the county board, to  
 26 the state board of tax commissioners for final review. For purposes of  
 27 this section, the maximum aggregate tax rate limit exceptions provided  
 28 in IC ~~1971~~, 6-1.1-18-3(b) do not apply.

29 (b) **The county auditor shall certify the general fund budgets of**  
 30 **each school corporation, as modified by the county board of tax**  
 31 **adjustment, to the state board of tax commissioners for final**  
 32 **review.**

33 SECTION 10. IC 6-1.1-17-13 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 13. Ten (10) or more  
 35 taxpayers may initiate an appeal from the county board of tax  
 36 adjustment's action on a political subdivision's budget by filing a  
 37 statement of their objections with the county auditor. The statement  
 38 must be filed within ten (10) days after the publication of the notice  
 39 required by section 12 of this chapter. The statement shall specifically  
 40 identify the provisions of the budget and, **for funds for which a**  
 41 **property tax is imposed, the tax levy to which the taxpayers object.**  
 42 The county auditor shall forward the statement, with the budget, to the

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1 state board of tax commissioners.

2 SECTION 11. IC 6-1.1-17-16, AS AMENDED BY P.L.50-1996,  
3 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 1998]: Sec. 16. (a) Subject to the limitations and requirements  
5 prescribed in this section, the state board of tax commissioners may  
6 revise, reduce, or increase a political subdivision's budget, tax rate, or  
7 tax levy which the board reviews under section 8 or 10 of this chapter.

8 (b) Subject to the limitations and requirements prescribed in this  
9 section, the state board of tax commissioners may review, revise,  
10 reduce, or increase the budget, tax rate, or tax levy of any of the  
11 political subdivisions whose tax rates compose the aggregate tax rate  
12 within a political subdivision whose budget, tax rate, or tax levy is the  
13 subject of an appeal initiated under this chapter.

14 (c) Except as provided in subsection (i), before the state board of tax  
15 commissioners reviews, revises, reduces, or increases a political  
16 subdivision's budget, tax rate, or tax levy under this section, the board  
17 must hold a public hearing on the budget, tax rate, and tax levy. The  
18 board shall hold the hearing in the county in which the political  
19 subdivision is located. The board may consider the budgets, tax rates,  
20 and tax levies of several political subdivisions at the same public  
21 hearing. At least five (5) days before the date fixed for a public hearing,  
22 the board shall give notice of the time and place of the hearing and of  
23 the budgets, levies, and tax rates to be considered at the hearing. The  
24 board shall publish the notice in two (2) newspapers of general  
25 circulation published in the county. However, if only one (1)  
26 newspaper of general circulation is published in the county, the board  
27 shall publish the notice in that newspaper.

28 (d) Except as provided in:

29 (1) subsection (h);

30 (2) IC 6-1.1-19, for ad valorem property taxes first due and  
31 payable before January 1, 2000; or

32 (3) IC 6-1.1-18.5;

33 the state board of tax commissioners may not increase a political  
34 subdivision's budget, tax rate, or tax levy to an amount which exceeds  
35 the amount originally fixed by the political subdivision. The state board  
36 of tax commissioners shall give the political subdivision written  
37 notification specifying any revision, reduction, or increase the state  
38 board of tax commissioners proposes in a political subdivision's tax  
39 levy or tax rate. The political subdivision has one (1) week from the  
40 date the political subdivision receives the notice to provide a written  
41 response to the state board of tax commissioners' Indianapolis office  
42 specifying how to make the required reductions in the amount budgeted

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1 for each office or department. The state board of tax commissioners  
 2 shall make reductions as specified in the political subdivision's  
 3 response if the response is provided as required by this subsection and  
 4 sufficiently specifies all necessary reductions. The state board of tax  
 5 commissioners may make a revision, a reduction, or an increase in a  
 6 political subdivision's budget only in the total amounts budgeted for  
 7 each office or department within each of the major budget  
 8 classifications prescribed by the state board of accounts.

9 (e) The state board of tax commissioners may not approve a levy for  
 10 lease payments by a city, town, county, library, or school corporation  
 11 if the lease payments are payable to a building corporation for use by  
 12 the building corporation for debt service on bonds and if:

- 13 (1) no bonds of the building corporation are outstanding; or
- 14 (2) the building corporation has enough legally available funds on  
 15 hand to redeem all outstanding bonds payable from the particular  
 16 lease rental levy requested.

17 (f) The action of the state board of tax commissioners on a budget,  
 18 tax rate, or tax levy is final. The board shall certify its action to:

- 19 (1) the county auditor; and
- 20 (2) the political subdivision if the state board acts pursuant to an  
 21 appeal initiated by the political subdivision.

22 (g) The state board of tax commissioners is expressly directed to  
 23 complete the duties assigned to it under this section not later than  
 24 February 15th of each year for taxes to be collected during that year.

25 (h) Subject to the provisions of all applicable statutes, the state  
 26 board of tax commissioners may increase a political subdivision's tax  
 27 levy to an amount that exceeds the amount originally fixed by the  
 28 political subdivision if the increase is:

- 29 (1) requested in writing by the officers of the political  
 30 subdivision;
- 31 (2) either:  
 32 (A) based on information first obtained by the political  
 33 subdivision after the public hearing under section 3 of this  
 34 chapter; or  
 35 (B) results from an inadvertent mathematical error made in  
 36 determining the levy; and  
 37 (3) published by the political subdivision according to a notice  
 38 provided by the state board of tax commissioners.

39 (i) The state board of tax commissioners shall annually review the  
 40 budget of each school corporation not later than April 1. The state  
 41 board of tax commissioners shall give the school corporation written  
 42 notification specifying any revision, reduction, or increase the state



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1 board of tax commissioners proposes in the school corporation's  
 2 budget. A public hearing is not required in connection with this review  
 3 of the budget.

4 SECTION 12. IC 6-1.1-18-3, AS AMENDED BY P.L.25-1995,  
 5 SECTION 27 (CURRENT VERSION), IS AMENDED TO READ AS  
 6 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) Except as  
 7 provided in subsection (b), the sum of all tax rates for all political  
 8 subdivisions imposed on tangible property within a political  
 9 subdivision may not exceed:

10 (1) one dollar and twenty-five cents (\$1.25) on each one hundred  
 11 dollars (\$100) of assessed valuation in territory outside the  
 12 corporate limits of a city or town; or

13 (2) two dollars (\$2) on each one hundred dollars (\$100) of  
 14 assessed valuation in territory inside the corporate limits of a city  
 15 or town.

16 (b) **Subject after December 31, 1999, to IC 6-1.1-19-1.9**, the  
 17 proper officers of a political subdivision shall fix **property** tax rates  
 18 which are sufficient to provide funds for the purposes itemized in this  
 19 subsection. The portion of a tax rate fixed by a political subdivision **for**  
 20 **a property tax levy** shall not be considered in computing the tax rate  
 21 limits prescribed in subsection (a) if that portion is to be used for one  
 22 (1) of the following purposes:

23 (1) To pay the principal or interest on a funding, refunding, or  
 24 judgment funding obligation of the political subdivision.

25 (2) To pay the principal or interest on an outstanding obligation  
 26 issued by the political subdivision if notice of the sale of the  
 27 obligation was published before March 9, 1937.

28 (3) To pay the principal or interest upon:

29 (A) an obligation issued by the political subdivision to meet an  
 30 emergency which results from a flood, fire, pestilence, war, or  
 31 any other major disaster; or

32 (B) a note issued under IC 36-2-6-18, IC 36-3-4-22,  
 33 IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county  
 34 to acquire necessary equipment or facilities for municipal or  
 35 county government.

36 (4) To pay the principal or interest upon an obligation issued in  
 37 the manner provided in IC 6-1.1-20-3 (before its repeal) or  
 38 IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

39 (5) To pay a judgment rendered against the political subdivision.

40 (6) To meet the requirements of the county welfare fund, the  
 41 county welfare administration fund, for public welfare services,  
 42 or the family and children's fund for child services (as defined in

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- 1 IC 12-19-7-1).
- 2 (7) To meet the requirements of the county hospital care for the
- 3 indigent fund.
- 4 (c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5, a
- 5 county board of tax adjustment, a county auditor, or the state board of
- 6 tax commissioners may review the portion of a tax rate described in
- 7 subsection (b) only to determine if it exceeds the portion actually
- 8 needed to provide for one (1) of the purposes itemized in that
- 9 subsection.
- 10 SECTION 13. IC 6-1.1-18-3, AS AMENDED BY P.L.6-1997,
- 11 SECTION 82 (DELAYED VERSION), IS AMENDED TO READ AS
- 12 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. (a) Except as
- 13 provided in subsection (b), the sum of all tax rates for all political
- 14 subdivisions imposed on tangible property within a political
- 15 subdivision may not exceed:
- 16 (1) forty-one and sixty-seven hundredths cents (\$0.4167) on each
- 17 one hundred dollars (\$100) of assessed valuation in territory
- 18 outside the corporate limits of a city or town; or
- 19 (2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each
- 20 one hundred dollars (\$100) of assessed valuation in territory
- 21 inside the corporate limits of a city or town.
- 22 (b) **Subject after December 31, 1999, to IC 6-1.1-19-1.9**, the
- 23 proper officers of a political subdivision shall fix **property** tax rates
- 24 which are sufficient to provide funds for the purposes itemized in this
- 25 subsection. The portion of a tax rate fixed by a political subdivision **for**
- 26 **a property tax levy** shall not be considered in computing the tax rate
- 27 limits prescribed in subsection (a) if that portion is to be used for one
- 28 (1) of the following purposes:
- 29 (1) To pay the principal or interest on a funding, refunding, or
- 30 judgment funding obligation of the political subdivision.
- 31 (2) To pay the principal or interest on an outstanding obligation
- 32 issued by the political subdivision if notice of the sale of the
- 33 obligation was published before March 9, 1937.
- 34 (3) To pay the principal or interest upon:
- 35 (A) an obligation issued by the political subdivision to meet an
- 36 emergency which results from a flood, fire, pestilence, war, or
- 37 any other major disaster; or
- 38 (B) a note issued under IC 36-2-6-18, IC 36-3-4-22,
- 39 IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county
- 40 to acquire necessary equipment or facilities for municipal or
- 41 county government.
- 42 (4) To pay the principal or interest upon an obligation issued in

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1 the manner provided in IC 6-1.1-20-3 (before its repeal) or  
 2 IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

3 (5) To pay a judgment rendered against the political subdivision.

4 (6) To meet the requirements of the county welfare fund, the  
 5 county welfare administration fund, for public welfare services,  
 6 or the family and children's fund for child services (as defined in  
 7 IC 12-19-7-1).

8 (7) To meet the requirements of the county hospital care for the  
 9 indigent fund.

10 (c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5, a  
 11 county board of tax adjustment, a county auditor, or the state board of  
 12 tax commissioners may review the portion of a tax rate described in  
 13 subsection (b) only to determine if it exceeds the portion actually  
 14 needed to provide for one (1) of the purposes itemized in that  
 15 subsection.

16 SECTION 14. IC 6-1.1-18-5, AS AMENDED BY P.L.17-1995,  
 17 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 1998]: Sec. 5. (a) If the proper officers of a political  
 19 subdivision desire to appropriate more money for a particular year than  
 20 the amount prescribed in the budget for that year as finally determined  
 21 under this article, they shall give notice of their proposed additional  
 22 appropriation. The notice shall state the time and place at which a  
 23 public hearing will be held on the proposal. The notice shall be given  
 24 once in accordance with IC 5-3-1-2(b).

25 (b) If the additional appropriation by the political subdivision is  
 26 **from the general fund of a school corporation or is** made from a  
 27 fund that receives:

28 (1) distributions from the motor vehicle highway account  
 29 established under IC 8-14-1-1 or the local road and street account  
 30 established under IC 8-14-2-4; or

31 (2) revenue from property taxes levied under IC 6-1.1;

32 the political subdivision must report the additional appropriation to the  
 33 state board of tax commissioners. If the additional appropriation is  
 34 made from a fund described under this subsection, subsections (f), (g),  
 35 (h), and (i) apply to the political subdivision.

36 (c) However, if the additional appropriation is not made from a fund  
 37 described under subsection (b), subsections (f), (g), (h), and (i) do not  
 38 apply to the political subdivision. Subsections (f), (g), (h), and (i) do  
 39 not apply to an additional appropriation made from the cumulative  
 40 bridge fund if the appropriation meets the requirements under  
 41 IC 8-16-3-3(c).

42 (d) A political subdivision may make an additional appropriation

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1 without approval of the state board of tax commissioners if the  
 2 additional appropriation is made from a fund that is not described  
 3 under subsection (b). However, the fiscal officer of the political  
 4 subdivision shall report the additional appropriation to the state board  
 5 of tax commissioners.

6 (e) After the public hearing, the proper officers of the political  
 7 subdivision shall file a certified copy of their final proposal and any  
 8 other relevant information to the state board of tax commissioners.

9 (f) When the state board of tax commissioners receives a certified  
 10 copy of a proposal for an additional appropriation under subsection (e),  
 11 the board shall determine whether sufficient funds are available or will  
 12 be available for the proposal. The determination shall be made in  
 13 writing and sent to the political subdivision not more than fifteen (15)  
 14 days after the board receives the proposal.

15 (g) In making the determination under subsection (f), the board shall  
 16 limit the amount of the additional appropriation to revenues available,  
 17 or to be made available, which have not been previously appropriated.

18 (h) If the state board of tax commissioners disapproves an additional  
 19 appropriation under subsection (f), the state board of tax  
 20 commissioners shall specify the reason for its disapproval on the  
 21 determination sent to the political subdivision.

22 (i) A political subdivision may request a reconsideration of a  
 23 determination of the state board of tax commissioners under this  
 24 section by filing a written request for reconsideration. A request for  
 25 reconsideration must:

- 26 (1) be filed with the state board of tax commissioners within  
 27 fifteen (15) days of the receipt of the determination by the  
 28 political subdivision; and
- 29 (2) state with reasonable specificity the reason for the request.

30 The state board of tax commissioners must act on a request for  
 31 reconsideration within fifteen (15) days of receiving the request.

32 SECTION 15. IC 6-1.1-19-1.9 IS ADDED TO THE INDIANA  
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34 [EFFECTIVE JULY 1, 1998]: **Sec. 1.9. (a) This section applies to ad  
 35 valorem property taxes first due and payable after December 31,  
 36 1999.**

37 (b) Except as provided in:

- 38 (1) IC 20-5-15-2 (public library in connection with school);
- 39 (2) IC 20-5-16-2 (nursery schools);
- 40 (3) IC 20-5-17-2 (Children's Museum in Marion County);
- 41 (4) IC 20-5-17.5-2 (historical societies);
- 42 (5) IC 20-5-17.5-3 (art associations);



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1           **(6) IC 20-5-17.5-4 (cultural institutions); and**  
 2           **(7) IC 20-5-37-4 (public playgrounds);**  
 3           **a school corporation may not levy an ad valorem property tax for**  
 4           **the school corporation's general fund.**

5           SECTION 16. IC 6-1.1-19-4.4, AS ADDED BY P.L.2-1996,  
 6           SECTION 216, IS AMENDED TO READ AS FOLLOWS  
 7           [EFFECTIVE JULY 1, 1998]: Sec. 4.4. (a) With respect to every  
 8           appeal petition **for property taxes first due and payable before**  
 9           **January 1, 2000**, that is delivered to the tax control board by the state  
 10          board of tax commissioners under section 4.1 of this chapter, and that  
 11          does not include a request for emergency financial relief, **and with**  
 12          **respect to every appeal petition for property taxes first due and**  
 13          **payable after December 31, 1999, to a fund other than the general**  
 14          **fund**, the tax control board shall, after the tax control board makes the  
 15          study of the appeal petition and related materials that the tax control  
 16          board considers necessary, recommend to the state board of tax  
 17          commissioners, in respect of the particular appeal petition that:

18               (1) the order of the county board of tax adjustment or the county  
 19               auditor in respect of the appellant school corporation's budget, **ad**  
 20               **valorem property** tax levy, or **ad valorem property** tax rate for  
 21               the ensuing calendar year be approved;

22               (2) the order of the county board of tax adjustment or the county  
 23               auditor in respect of the appellant school corporation's budget, **ad**  
 24               **valorem property** tax levy, or **ad valorem property** tax rate be  
 25               disapproved and that the appellant school corporation's budget, **ad**  
 26               **valorem property** tax levy, or **ad valorem property** tax rate be  
 27               reduced as specified in the tax control board's recommendation;

28               (3) the order of the county board of tax adjustment or the county  
 29               auditor in respect of the appellant school corporation's budget, **ad**  
 30               **valorem property** tax levy, or **ad valorem property** tax rate be  
 31               disapproved and that the appellant school corporation's budget, **ad**  
 32               **valorem property** tax levy, or **ad valorem property** tax rate be  
 33               increased as specified in the tax control board's recommendation;  
 34               or

35               (4) **for property taxes first due and payable before January 1,**  
 36               **2000**, combined with a recommendation allowed under  
 37               subdivision (1), (2), or (3), the adjusted base tax levy for the  
 38               school corporation be increased if the school corporation can  
 39               show a need for the increased adjusted base levy due to:

40                       (A) the opening after December 31, 1972, of a new school  
 41                       facility; or

42                       (B) the opening after July 1, 1988, of an existing facility that

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1           has not been used for at least three (3) years and that is being  
 2           reopened to provide additional classroom space.  
 3           The adjusted base levy increase, if approved by the tax control  
 4           board, shall be an amount equal to the increase in costs resulting  
 5           to the school corporation from the opening and operation of the  
 6           new school facility or the reopening and operation of an existing  
 7           facility that has not been used for at least three (3) years and that  
 8           is being reopened to provide additional classroom space. In  
 9           determining those increased costs, the tax control board shall  
 10          consider the costs to the school corporation of complying with  
 11          safety, health, space, heat, or lighting standards required by state  
 12          or federal law or regulation, and the other physical operation costs  
 13          that in the opinion of the tax control board justify an adjustment  
 14          in the school corporation's adjusted base levy.

15          (b) With respect to an appeal petition described in this section, the  
 16          tax control board may not make a recommendation that, if followed by  
 17          the state board of tax commissioners, would authorize the appellant  
 18          school corporation for ~~the~~ **an** ensuing calendar year **before January 1,**  
 19          **2000:**

- 20           (1) to collect a general fund tax levy in excess of the general fund  
 21           tax levy initially adopted and advertised by the appellant school  
 22           corporation;  
 23           (2) to impose a general fund tax rate in excess of the general fund  
 24           tax rate initially adopted and advertised by the appellant school  
 25           corporation; or  
 26           (3) to collect an excessive tax levy.

27          **With respect to an appeal petition described in this section, the tax**  
 28          **control board may not make a recommendation that, if followed by**  
 29          **the state board of tax commissioners, would authorize the**  
 30          **appellant school corporation for an ensuing calendar year after**  
 31          **December 31, 1999, to levy an ad valorem property tax for the**  
 32          **school corporation's general fund.**

33          (c) **This subsection applies to a school budget for an expenditure**  
 34          **from the school general fund after December 31, 1999. If the tax**  
 35          **control board concludes that the appellant school corporation**  
 36          **cannot, in the ensuing calendar year, carry out the public**  
 37          **educational duty committed to the appellant school corporation by**  
 38          **law if, for the ensuing calendar year, the appellant school**  
 39          **corporation does not receive emergency financial relief, the tax**  
 40          **control board may recommend to the state board of tax**  
 41          **commissioners that the order of the county board of tax**  
 42          **adjustment or the county auditor in respect to the budget of the**



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1 appellant school corporation be approved, or disapproved and  
 2 modified, as specified in the tax control board's recommendation,  
 3 and that the appellant school corporation receive emergency  
 4 financial relief from the state, on terms to be specified by the tax  
 5 control board in the board's recommendation, in the form of:

6 (1) a grant or grants from funds of the state that are available  
 7 for such a purpose;

8 (2) a loan or loans from funds of the state that are available  
 9 for such a purpose;

10 (3) permission to the appellant school corporation to borrow  
 11 funds from a source other than the state or assistance in  
 12 obtaining the loan;

13 (4) an advance or advances of funds that will become payable  
 14 to the appellant school corporation under a law providing for  
 15 the payment of state funds to school corporations;

16 (5) permission to use, for general fund purposes, an  
 17 unobligated balance in a construction fund, including  
 18 unobligated proceeds of a sale of the school corporation's  
 19 general obligation bonds; or

20 (6) a combination of the emergency financial relief described  
 21 in subdivisions (1) through (5).

22 The tax control board shall recommend the source of the  
 23 repayment of a loan recommended under this subsection. The tax  
 24 control board may not recommend the imposition of an ad valorem  
 25 property tax levy to repay the loan. The state board of tax  
 26 commissioners may accept, reject, or accept and modify a  
 27 recommendation made by the tax control board under this  
 28 subsection.

29 (d) A school corporation, with respect to which the tax control  
 30 board recommends and the state board of tax commissioners  
 31 authorizes emergency financial relief under subsection (c), is, if the  
 32 school corporation accepts the authorized relief, prohibited  
 33 throughout a calendar year in which or for which the school  
 34 corporation receives the emergency financial relief from taking the  
 35 prohibited actions described in this subsection until the action is  
 36 recommended by the tax control board to the state board of tax  
 37 commissioners and authorized by the state board of tax  
 38 commissioners. The prohibited actions are any of the following:

39 (1) The acquisition of real estate for school building purposes,  
 40 the construction of new school buildings, or the remodeling or  
 41 renovation of existing school buildings.

42 (2) The making of a lease of real or personal property for an

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1           annual rental or the incurring of any other contractual  
2           obligation (except an employment contract for a new  
3           employee, which contract is to supersede the contract of a  
4           terminating employee) calling for an annual outlay by the  
5           school corporation in excess of ten thousand dollars (\$10,000).

6           (3) The purchase of personal property for a consideration in  
7           excess of ten thousand dollars (\$10,000).

8           (4) The adoption or advertising of a budget, tax levy, or tax  
9           rate for a calendar year.

10          (e) If a school corporation subject to the controls described in  
11          subsection (d) takes any of the actions described in subsection (d)  
12          without having first obtained the recommendation of the tax  
13          control board and the state board of tax commissioners'  
14          authorization for the action, the state board of tax commissioners  
15          may take appropriate steps to reduce or terminate any emergency  
16          financial relief that the school corporation may then be receiving  
17          under subsection (c).

18          SECTION 17. IC 6-1.1-19-5.3 IS AMENDED TO READ AS  
19          FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5.3. (a) **This**  
20          **subsection applies only to an ad valorem property tax levy that is**  
21          **first due and payable before January 1, 2000.** The tax control board  
22          may recommend to the state board of tax commissioners a correction  
23          of mathematical errors in data that affect the determination of:

24               (1) a school corporation's adjusted base levy;

25               (2) a school corporation's excessive tax levy; or

26               (3) a school corporation's normal tax levy.

27          (b) The state board of tax commissioners may correct mathematical  
28          errors in data for any school corporation.

29          SECTION 18. IC 6-1.1-19-7, AS AMENDED BY P.L.2-1995,  
30          SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
31          JULY 1, 1998]: Sec. 7. (a) **As used in this section, "excessive tax**  
32          **levy" has the meaning set forth in IC 6-1.1-19-1 (repealed January**  
33          **1, 2000).**

34          (b) Any recommendation that is to be made by the tax control board  
35          to the state board of tax commissioners pursuant to any provision of  
36          this chapter shall be made at such a time as is prescribed in this chapter  
37          and, if no time for the making of such a recommendation is prescribed  
38          in this chapter, then the recommendation shall be made at such a time  
39          as will permit the state board of tax commissioners to complete those  
40          duties of the board that are defined in IC ~~1971~~; 6-1.1-17 within the time  
41          allowed by law for the completion of those duties, or such additional  
42          time as is reasonably necessary for the state board of tax



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1 commissioners and the tax control board to complete the duties  
 2 provided by this chapter. No **ad valorem property** tax levy shall be  
 3 invalid because of the failure of either board to complete its duties  
 4 within the time or time limits provided by this chapter or any other law.  
 5 Subject to the provisions of this chapter, the state board of tax  
 6 commissioners may accept, reject, or accept in part and reject in part  
 7 any recommendation of the tax control board that is made to it under  
 8 this chapter and may make any order that is consistent with the  
 9 provisions of IC ~~1971~~, 6-1.1-17. The state board of tax commissioners  
 10 may not approve or authorize an excessive tax levy **that is first due**  
 11 **and payable before January 1, 2000**, except in accordance with the  
 12 provisions of this chapter. **The state board of tax commissioners may**  
 13 **not approve or authorize an excessive tax levy that is first due and**  
 14 **payable after December 31, 1999.**

15 SECTION 19. IC 6-1.1-19-12 IS ADDED TO THE INDIANA  
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 17 [EFFECTIVE JANUARY 1, 2000]: **Sec. 12. (a) As used in this**  
 18 **section, "revenues" means excise tax distributions under IC 6-6-5**  
 19 **and any other allocation of state tax collections or distributions**  
 20 **that, by statute:**

- 21 (1) are distributed to school corporations; and  
 22 (2) are based on the property tax levies imposed by the taxing  
 23 units in a county.

24 **The term does not include homestead credits or property tax**  
 25 **replacement credits.**

26 (b) A school corporation is entitled to receive for the school  
 27 corporation's general fund a proportion of the revenues that are  
 28 distributed within the county. The amount that the school  
 29 corporation is entitled to receive during that calendar year equals  
 30 the amount determined under STEP FIVE of the following  
 31 formula:

32 **STEP ONE: Determine the amount of revenue that is**  
 33 **available for distribution in the county in that calendar year.**

34 **STEP TWO: Determine the school general fund budget for**  
 35 **that calendar year.**

36 **STEP THREE: Determine the sum of:**

37 (A) the property tax levies imposed by all taxing units in  
 38 the county; and

39 (B) the school general fund budgets for all school  
 40 corporations in the county;

41 for that calendar year.

42 **STEP FOUR: Determine the result of the STEP TWO amount**

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1 **divided by the STEP THREE sum.**

2 **STEP FIVE: Multiply the STEP ONE amount by the STEP**  
 3 **FOUR result.**

4 **(c) The amount of revenues distributed to:**

5 **(1) taxing units other than a school corporation; and**

6 **(2) funds of a school corporation for which a property tax levy**  
 7 **is imposed;**

8 **shall be changed for that same year by reducing the amount of**  
 9 **revenue distributed by the amount of revenue allocated under this**  
 10 **section for that same calendar year. The state board of tax**  
 11 **commissioners shall make any adjustments required by this section**  
 12 **and provide them to the appropriate county auditors.**

13 **(d) A school corporation shall be treated as a taxing unit for**  
 14 **purposes of a distribution of financial institutions tax revenues**  
 15 **under IC 6-5.5-8-2.**

16 SECTION 20. IC 6-1.1-20-1.1, AS ADDED BY P.L.25-1995,  
 17 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 1998]: Sec. 1.1. As used in this chapter, "controlled project"  
 19 means any project financed by bonds or a lease, except for the  
 20 following:

21 (1) A project for which the political subdivision reasonably  
 22 expects to pay:

23 (A) debt service; or

24 (B) lease rentals;

25 from funds other than property taxes that are exempt from the  
 26 levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~ **IC 6-1.1-19-1.5**  
 27 **(repealed January 1, 2000) or are levied by a school**  
 28 **corporation for a fund other than the general fund.** A project  
 29 is not a controlled project even though the political subdivision  
 30 has pledged to levy property taxes to pay the debt service or lease  
 31 rentals if those other funds are insufficient.

32 (2) A project that will not obligate the political subdivision to  
 33 more than two million dollars (\$2,000,000) in debt service or  
 34 lease rentals.

35 (3) A project that is being refinanced for the purpose of providing  
 36 gross or net present value savings to taxpayers.

37 (4) A project for which bonds were issued or leases were entered  
 38 into before January 1, 1996, or where the state board of tax  
 39 commissioners has approved the issuance of bonds or the  
 40 execution of leases before January 1, 1996.

41 (5) A project that is required by a court order holding that a  
 42 federal law mandates the project.



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1 SECTION 21. IC 6-1.1-20-1.3, AS ADDED BY P.L.25-1995,  
 2 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 3 JULY 1, 1998]: Sec. 1.3. As used in this chapter, "lease" means a lease  
 4 by a political subdivision of any controlled project with lease rentals  
 5 payable from property taxes that are exempt from the levy limitations  
 6 of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~; **IC 6-1.1-19-1.5 (repealed January 1,**  
 7 **2000) or are levied by a school corporation for a fund other than**  
 8 **the general fund.**

9 SECTION 22. IC 6-1.1-21-2, AS AMENDED BY P.L.253-1997(ss),  
 10 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 1998]: Sec. 2. As used in this chapter:

12 (a) "Taxpayer" means a person who is liable for taxes on property  
 13 assessed under this article.

14 (b) "Taxes" means taxes payable in respect to property assessed  
 15 under this article. The term does not include special assessments,  
 16 penalties, or interest, but does include any special charges which a  
 17 county treasurer combines with all other taxes in the preparation and  
 18 delivery of the tax statements required under IC 6-1.1-22-8(a).

19 (c) "Department" means the department of state revenue.

20 (d) "Auditor's abstract" means the annual report prepared by each  
 21 county auditor which under IC 6-1.1-22-5 is to be filed on or before  
 22 March 1 of each year with the auditor of state.

23 (e) "Mobile home assessments" means the assessments of mobile  
 24 homes made under IC 6-1.1-7.

25 (f) "Postabstract adjustments" means adjustments in taxes made  
 26 subsequent to the filing of an auditor's abstract which change  
 27 assessments therein or add assessments of omitted property affecting  
 28 taxes for such assessment year.

29 (g) "Total county tax levy" means the sum of:

30 (1) the remainder of:

31 (A) the aggregate levy of all taxes for all taxing units in a  
 32 county which are to be paid in the county for a stated  
 33 assessment year as reflected by the auditor's abstract for the  
 34 assessment year, adjusted, however, for any postabstract  
 35 adjustments which change the amount of the aggregate levy;  
 36 minus

37 (B) the sum of any increases in property tax levies of taxing  
 38 units of the county that result from appeals described in:

39 (i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after  
 40 December 31, 1982; plus

41 (ii) the sum of any increases in property tax levies of taxing  
 42 units of the county that result from any other appeals

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- 1 described in IC 6-1.1-18.5-13 filed after December 31,
- 2 1983; plus
- 3 (iii) IC 6-1.1-18.6-3 (children in need of services and
- 4 delinquent children who are wards of the county); minus
- 5 (C) the total amount of property taxes imposed for the stated
- 6 assessment year by the taxing units of the county under the
- 7 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
- 8 IC 12-19-5, or IC 12-20-24; minus
- 9 (D) the total amount of property taxes to be paid during the
- 10 stated assessment year that will be used to pay for interest or
- 11 principal due on debt that:
- 12 (i) is entered into after December 31, 1983;
- 13 (ii) is not debt that is issued under IC 5-1-5 to refund debt
- 14 incurred before January 1, 1984; and
- 15 (iii) does not constitute debt entered into for the purpose of
- 16 building, repairing, or altering school buildings for which
- 17 the requirements of IC 20-5-52 were satisfied prior to
- 18 January 1, 1984; minus
- 19 (E) the amount of property taxes imposed in the county for the
- 20 stated assessment year under the authority of IC 21-2-6 or any
- 21 citation listed in IC 6-1.1-18.5-9.8 for a cumulative building
- 22 fund whose property tax rate was initially established or
- 23 reestablished for a stated assessment year that succeeds the
- 24 1983 stated assessment year; minus
- 25 (F) the remainder of:
- 26 (i) the total property taxes imposed in the county for the
- 27 stated assessment year under authority of IC 21-2-6 or any
- 28 citation listed in IC 6-1.1-18.5-9.8 for a cumulative building
- 29 fund whose property tax rate was not initially established or
- 30 reestablished for a stated assessment year that succeeds the
- 31 1983 stated assessment year; minus
- 32 (ii) the total property taxes imposed in the county for the
- 33 1984 stated assessment year under the authority of IC 21-2-6
- 34 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative
- 35 building fund whose property tax rate was not initially
- 36 established or reestablished for a stated assessment year that
- 37 succeeds the 1983 stated assessment year; minus
- 38 (G) the amount of property taxes imposed in the county for the
- 39 stated assessment year under:
- 40 (i) IC 21-2-15 for a capital projects fund; plus
- 41 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- 42 (iii) IC 20-14-13 for a library capital projects fund; plus

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- 1 (iv) IC 20-5-17.5-3 for an art association fund; plus
- 2 (v) IC 21-2-17 for a special education preschool fund; plus
- 3 (vi) **before January 1, 2000**, an appeal filed under
- 4 IC 6-1.1-19-5.1 (**repealed January 1, 2000**) for an increase
- 5 in a school corporation's maximum permissible general fund
- 6 levy for certain transfer tuition costs; plus
- 7 (vii) **before January 1, 2000**, an appeal filed under
- 8 IC 6-1.1-19-5.4 for an increase in a school corporation's
- 9 maximum permissible general fund levy for transportation
- 10 operating costs; minus
- 11 (H) **before January 1, 2000**, the amount of property taxes
- 12 imposed by a school corporation that is attributable to the
- 13 passage, after 1983, of a referendum for an excessive tax levy
- 14 under IC 6-1.1-19, including any increases in these property
- 15 taxes that are attributable to the adjustment set forth in
- 16 IC 6-1.1-19-1.5(a) STEP ONE (**repealed January 1, 2000**) or
- 17 any other law; minus
- 18 (I) for each township in the county, the lesser of:
- 19 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
- 20 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
- 21 whichever is applicable, plus the part, if any, of the
- 22 township's ad valorem property tax levy for calendar year
- 23 1989 that represents increases in that levy that resulted from
- 24 an appeal described in IC 6-1.1-18.5-13(5) filed after
- 25 December 31, 1982; or
- 26 (ii) the amount of property taxes imposed in the township for
- 27 the stated assessment year under the authority of
- 28 IC 36-8-13-4; minus
- 29 (J) for each participating unit in a fire protection territory
- 30 established under IC 36-8-19-1, the amount of property taxes
- 31 levied by each participating unit under IC 36-8-19-8 and
- 32 IC 36-8-19-8.5 less the maximum levy limit for each of the
- 33 participating units that would have otherwise been available
- 34 for fire protection services under IC 6-1.1-18.5-3 and
- 35 IC 6-1.1-18.5-19 for that same year; minus
- 36 (K) for each county, the sum of:
- 37 (i) the amount of property taxes imposed in the county for
- 38 the repayment of loans under IC 12-19-5-6 that is included
- 39 in the amount determined under IC 12-19-7-4(a) STEP
- 40 SEVEN for property taxes payable in 1995, or for property
- 41 taxes payable in each year after 1995, the amount
- 42 determined under IC 12-19-7-4(b); and

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- 1 (ii) the amount of property taxes imposed in the county
- 2 attributable to appeals granted under IC 6-1.1-18.6-3 that is
- 3 included in the amount determined under IC 12-19-7-4(a)
- 4 STEP SEVEN for property taxes payable in 1995, or the
- 5 amount determined under IC 12-19-7-4(b) for property taxes
- 6 payable in each year after 1995; plus
- 7 (2) all taxes to be paid in the county in respect to mobile home
- 8 assessments currently assessed for the year in which the taxes
- 9 stated in the abstract are to be paid; plus
- 10 (3) the amounts, if any, of county adjusted gross income taxes that
- 11 were applied by the taxing units in the county as property tax
- 12 replacement credits to reduce the individual levies of the taxing
- 13 units for the assessment year, as provided in IC 6-3.5-1.1; plus
- 14 (4) the amounts, if any, by which the maximum permissible ad
- 15 valorem property tax levies of the taxing units of the county were
- 16 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
- 17 assessment year; plus
- 18 (5) the difference between:
  - 19 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
  - 20 minus
  - 21 (B) the amount the civil taxing units' levies were increased
  - 22 because of the reduction in the civil taxing units' base year
  - 23 certified shares under IC 6-1.1-18.5-3(e).
- 24 (h) "December settlement sheet" means the certificate of settlement
- 25 filed by the county auditor with the auditor of state, as required under
- 26 IC 6-1.1-27-3.
- 27 (i) "Tax duplicate" means the roll of property taxes which each
- 28 county auditor is required to prepare on or before March 1 of each year
- 29 under IC 6-1.1-22-3.
- 30 SECTION 23. IC 6-1.1-21.5-6 IS AMENDED TO READ AS
- 31 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. (a) Except as
- 32 specifically provided in subsection (c), the receipt by the qualified
- 33 taxing unit of either the loan proceeds or any payment of delinquent tax
- 34 owed by a taxpayer in bankruptcy, or both, is not considered to be part
- 35 of the ad valorem property tax levy actually collected by the qualified
- 36 taxing unit for taxes first due and payable during a particular calendar
- 37 year for the purpose of calculating the levy excess under
- 38 IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 (**repealed January 1, 2000**).
- 39 (b) The loan proceeds and any payment of delinquent tax may be
- 40 expended by the qualified taxing unit only to pay debts of the qualified
- 41 taxing unit that have been incurred pursuant to duly adopted
- 42 appropriations approved by the state board of tax commissioners for

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- 1 operating expenses.
- 2 (c) In the event the sum of the receipts of the qualified taxing unit  
3 that are attributable to:
- 4 (1) the loan proceeds; and
- 5 (2) the payment of property taxes owed by a taxpayer in a  
6 bankruptcy proceeding initially filed in 1986 and payable in  
7 respect to the second installment of taxes due and payable in  
8 November 1986, and in respect to taxes due and payable in 1987;  
9 exceeds eleven million nine hundred thousand dollars (\$11,900,000),  
10 the excess as received during any calendar year or years shall be set  
11 aside and treated for the calendar year when received as a levy excess  
12 subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 (**repealed January 1,  
13 2000**). In calculating the payment of property taxes as provided in  
14 subdivision (2), the amount of property tax credit ~~financially~~ **finally**  
15 allowed under IC 6-1.1-21-5 in respect to such taxes is deemed to be  
16 a payment of such property taxes.
- 17 (d) As used in this section, "delinquent tax" means any tax owed by  
18 a taxpayer in a bankruptcy proceeding initially filed in 1986 and that  
19 is not paid during the calendar year for which it was first due and  
20 payable.
- 21 SECTION 24. IC 6-1.1-21.7-14, AS ADDED BY P.L.58-1997,  
22 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
23 JULY 1, 1998]: Sec. 14. Loan proceeds received under this chapter  
24 may not be considered to be a levy excess under IC 6-1.1-18.5-17 and  
25 IC 6-1.1-19-1.7 (**repealed January 1, 2000**).
- 26 SECTION 25. IC 6-1.1-29-9, AS AMENDED BY P.L.36-1994,  
27 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
28 JULY 1, 1998]: Sec. 9. (a) A county council may adopt an ordinance  
29 to abolish the county board of tax adjustment. This ordinance must be  
30 adopted by July 1 and may not be rescinded in the year it is adopted.  
31 Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19, IC 12-19-3,  
32 IC 12-19-7, IC 21-2-14 (**repealed January 1, 2000**), IC 36-8-6,  
33 IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and  
34 IC 36-9-13, if such an ordinance is adopted, this section governs the  
35 treatment of tax rates, tax levies, and budgets that would otherwise be  
36 reviewed by a county board of tax adjustment under IC 6-1.1-17.
- 37 (b) The time requirements set forth in IC 6-1.1-17 govern all filings  
38 and notices.
- 39 (c) A tax rate, tax levy, or budget that otherwise would be reviewed  
40 by the county board of tax adjustment is considered and must be treated  
41 for all purposes as if the county board of tax adjustment approved the  
42 tax rate, tax levy, or budget. This includes the notice of tax rates that is

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1 required under IC 6-1.1-17-12.

2 SECTION 26. IC 6-1.1-30-9 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. (a) The state board  
4 of tax commissioners shall select the following employees in the  
5 manner prescribed in this section:

- 6 (1) field representatives;  
7 (2) supervisors;  
8 (3) employees who are selected to work in the board's division of  
9 tax review; and  
10 (4) **before January 1, 2000**, employees who are selected to  
11 perform the duties assigned to the board under IC ~~1971~~, 6-1.1-34.

12 (b) The state board of tax commissioners shall select each employee  
13 described in subsection (a) of this section from a list of applicants who  
14 have passed an open, competitive examination ~~which that~~ tests ~~his an~~  
15 **individual's** qualifications for the position. The board shall announce  
16 the time and place of the examination in the public press before the  
17 examination is held and shall conduct the examination. The  
18 examination must be practical, and it must be related to those matters  
19 which fairly test an individual's qualifications for the position.

20 (c) The state board of tax commissioners shall:

- 21 (1) select field representatives and supervisors so that no more  
22 than one-half (1/2) of all those employees belong to any one (1)  
23 political party;  
24 (2) select, as nearly as possible, the employees described in  
25 subsection (a) (3) ~~of this section~~ so that no more than one-half  
26 (1/2) of all those employees belong to any one (1) political party;  
27 and  
28 (3) **before January 1, 2000**, select, as nearly as possible, the  
29 employees described in subsection (a)(4) ~~of this section~~ so that no  
30 more than one-half (1/2) of those employees belong to any one (1)  
31 political party.

32 SECTION 27. IC 6-3.1-2-1 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. As used in this  
34 chapter, the following terms have the following meanings:

- 35 (1) "Eligible teacher" means a teacher:  
36 (A) certified in a shortage area by the professional standards  
37 board established by IC 20-1-1.4; and  
38 (B) employed under contract during the regular school term by  
39 a school corporation in a shortage area.  
40 (2) "Qualified position" means a position that:  
41 (A) is relevant to the teacher's academic training in a shortage  
42 area; and



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- 1 (B) has been approved by the Indiana state board of education  
2 under section 6 of this chapter.
- 3 (3) "Regular school term" means the period, other than the school  
4 summer recess, during which a teacher is required to perform  
5 duties assigned to him under a teaching contract.
- 6 (4) "School corporation" ~~means any corporation authorized by law  
7 to establish public schools and levy taxes for their maintenance.~~  
8 **has the meaning set forth in IC 36-1-2-17.**
- 9 (5) "Shortage area" means the subject areas of mathematics and  
10 science and any other subject area designated as a shortage area  
11 by the Indiana state board of education.
- 12 (6) "State income tax liability" means a taxpayer's total income  
13 tax liability incurred under IC 6-2.1 and IC 6-3, as computed after  
14 application of credits that under IC 6-3.1-1-2 are to be applied  
15 before the credit provided by this chapter.
- 16 SECTION 28. IC 6-3.5-1.1-1, AS AMENDED BY P.L.96-1995,  
17 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
18 JULY 1, 1998]: Sec. 1. As used in this chapter:
- 19 "Adjusted gross income" has the same definition that the term is  
20 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer  
21 who is not a resident of a county that has imposed the county adjusted  
22 gross income tax, the term includes only adjusted gross income derived  
23 from his principal place of business or employment.
- 24 "Civil taxing unit" means any entity having the power to impose ad  
25 valorem property taxes except a school corporation. The term does not  
26 include a solid waste management district that is not entitled to a  
27 distribution under section 1.3 of this chapter. However, in the case of  
28 a consolidated city, the term "civil taxing unit" includes the  
29 consolidated city and all special taxing districts, all special service  
30 districts, and all entities whose budgets and property tax levies are  
31 subject to review under IC 36-3-6-9.
- 32 "County council" includes the city-county council of a consolidated  
33 city.
- 34 "County taxpayer" as it relates to a county for a year means any  
35 individual:
- 36 (1) who resides in that county on the date specified in section 16  
37 of this chapter; or
- 38 (2) who maintains his principal place of business or employment  
39 in that county on the date specified in section 16 of this chapter  
40 and who does not on that same date reside in another county in  
41 which the county adjusted gross income tax, the county option  
42 income tax, or the county economic development income tax is in

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1 effect.

2 "Department" refers to the ~~Indiana~~ department of state revenue.

3 "Nonresident county taxpayer" as it relates to a county for a year  
4 means any county taxpayer for that county for that year who is not a  
5 resident county taxpayer of that county for that year.

6 "Resident county taxpayer" as it relates to a county for a year means  
7 any county taxpayer who resides in that county on the date specified in  
8 section 16 of this chapter.

9 "School corporation" ~~means any public school corporation~~  
10 ~~established under Indiana law. has the meaning set forth in~~  
11 **IC 36-1-2-17.**

12 SECTION 29. IC 6-3.5-1.1-14, AS AMENDED BY P.L.25-1995,  
13 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 JULY 1, 1998]: Sec. 14. (a) In determining the amount of property tax  
15 replacement credits civil taxing units and school corporations of a  
16 county are entitled to receive during a calendar year, the state board of  
17 tax commissioners shall consider only property taxes imposed on  
18 tangible property that was assessed in that county.

19 (b) If a civil taxing unit or a school corporation is located in more  
20 than one (1) county and receives property tax replacement credits from  
21 one (1) or more of the counties, then the property tax replacement  
22 credits received from each county shall be used only to reduce the  
23 property tax rates that are imposed within the county that distributed  
24 the property tax replacement credits.

25 (c) A civil taxing unit shall treat any property tax replacement  
26 credits that it receives or is to receive during a particular calendar year  
27 as a part of its property tax levy for that same calendar year for  
28 purposes of fixing its budget and for purposes of the property tax levy  
29 limits imposed by IC 6-1.1-18.5.

30 (d) A school corporation shall treat any property tax replacement  
31 credits that the school corporation receives or is to receive during a  
32 particular calendar year as a part of its property tax levy for its general  
33 fund, debt service fund, capital projects fund, transportation fund, and  
34 special education preschool fund in proportion to the levy for each of  
35 these funds for that same calendar year for purposes of fixing its  
36 budget. ~~and for purposes of the property tax levy limits imposed by~~  
37 ~~IC 6-1.1-19.~~ A school corporation shall allocate the property tax  
38 replacement credits described in this subsection to all five (5) funds in  
39 proportion to the levy for each fund.

40 SECTION 30. IC 20-1-1.3-8, AS AMENDED BY P.L.1-1994,  
41 SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42 JULY 1, 1998]: Sec. 8. (a) A public school that receives a monetary



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1 award under this chapter may expend that award for any educational  
2 purpose for that school, except:

- 3 (1) athletics;
- 4 (2) salaries for school personnel; or
- 5 (3) salary bonuses for school personnel.

6 (b) A monetary award may not be used, **before January 1, 2000**, to  
7 determine:

- 8 (1) the maximum permissible general fund ad valorem property  
9 tax levy under IC 6-1.1-19-1.5 (**repealed January 1, 2000**); or
- 10 (2) the tuition support under ~~IC 21-3-1.6~~; **IC 21-3-1.7**.

11 of the school corporation of which the school receiving the monetary  
12 award is a part.

13 SECTION 31. IC 20-1-6-1, AS AMENDED BY P.L.40-1994,  
14 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 1998]: Sec. 1. As used in this chapter, the following terms  
16 have the following meanings:

- 17 (1) "Child with a disability" means any child who is at least three  
18 (3) years of age but less than twenty-two (22) years of age and  
19 who because of physical or mental disability is incapable of being  
20 educated properly and efficiently through normal classroom  
21 instruction, but who with the advantage of a special educational  
22 program may be expected to benefit from instruction in  
23 surroundings designed to further the educational, social, or  
24 economic status of the child. Public schools may operate special  
25 education programs for hearing impaired children as young as six  
26 (6) months of age on an experimental basis upon the approval of  
27 the superintendent of public instruction and the Indiana state  
28 board of education.

29 (2) "Division" means the division of special education within the  
30 department of education.

31 (3) "Director" means the director of the division of special  
32 education.

33 (4) "School corporation" ~~means any corporation authorized by law  
34 to establish public schools and levy taxes for the maintenance of  
35 the schools.~~ **has the meaning set forth in IC 36-1-2-17.**

36 (5) "Individualized education program" means a written statement  
37 developed by a group that includes:

- 38 (A) a representative of the school corporation or public agency  
39 responsible for educating the child;
- 40 (B) the child's teacher;
- 41 (C) the child's parent, guardian, or custodian;
- 42 (D) if appropriate, the child; and



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1 (E) if the provision of services for a seriously emotionally  
2 disabled child is considered, a mental health professional  
3 provided by the community mental health center (as described  
4 under IC 12-29) or a managed care provider (as defined in  
5 IC 12-7-2-127(b)) and serving the community in which the  
6 child resides;

7 and that describes the special education to be provided to the  
8 child.

9 (6) "Preschool child with a disability" refers to a disabled child  
10 who is at least three (3) years of age by September 1 of the  
11 1989-90 school year, August 1 of the 1990-91 school year, July  
12 1 of the 1991-92 school year, or June 1 of the 1992-93 school year  
13 and every subsequent school year.

14 (7) "Special education" means instruction specially designed to  
15 meet the unique needs of a child with a disability. It includes  
16 transportation, developmental, corrective, and other support  
17 services and training only when required to assist a child with a  
18 disability to benefit from the instruction itself.

19 (8) "School year" has the meaning set forth in IC 20-10.1-2-1.

20 SECTION 32. IC 20-2-2-3 IS AMENDED TO READ AS  
21 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) The township  
22 trustees of each and every township of each county shall perform all the  
23 civil functions performed before March 13, 1947, by such township  
24 trustees and together with other township trustees of the county shall  
25 constitute a county board of education for the purpose of managing the  
26 affairs of the county school corporation hereby created in each such  
27 county. School cities and school towns shall retain independent  
28 organization and administration unless abandoned as provided by law,  
29 and the county school corporation, also referred to in this chapter as the  
30 county, shall include all areas not organized on March 13, 1947, under  
31 the laws of this state into jurisdictions controlled and governed as  
32 school cities or school towns. Said county board of education may be  
33 referred to interchangeably as the county board of school trustees and  
34 as the board. Said board shall meet at such time as the board shall  
35 designate at the office of the county superintendent of schools and at  
36 such other times and places as the county superintendent of schools  
37 may deem necessary. At the first meeting of each year, to be held on  
38 the first Wednesday after the first Monday in January, the board shall  
39 organize by selecting a president, a vice president, a secretary, and a  
40 treasurer from its membership. Provided, however, that no later than  
41 April 12, 1947, it shall be the duty of the county superintendent of  
42 schools to call said board into special session and unless the county

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1 board of education shall elect to have the provisions of this section  
 2 remain inoperative, under provisions that may be included within this  
 3 section, said board shall so organize itself, except that the failure of the  
 4 county superintendent of schools to call the county board of education  
 5 into session within the prescribed limits of this section shall not be  
 6 construed to mean that a county school corporation as described in this  
 7 section shall be brought into existence in such county, and no such  
 8 county school corporation shall be brought into existence until the  
 9 board has met in special session subsequent to March 13, 1947, and has  
 10 taken action to organize itself into a county school corporation, after  
 11 consideration of the question whether it should elect to have the  
 12 provisions of this section remain inoperative under provisions that may  
 13 be included within this section. Such organization when and if effected  
 14 shall be filed with the county auditor and shall be published by said  
 15 auditor in two (2) newspapers of different political persuasions of  
 16 general circulation throughout the county within ten (10) days after  
 17 such filing, and such organization shall be deemed to fulfill all the  
 18 requirements of this section for the transacting of public business under  
 19 this section. The secretary of the board shall keep an accurate record of  
 20 the minutes of the board, which minutes shall be kept at the county  
 21 superintendent's office. The county superintendent shall act as  
 22 administrator of the board and shall carry out such acts and duties as  
 23 shall be designated by the board. A quorum shall consist of two-thirds  
 24 (2/3) of the members of the board.

25 (b) The board shall make decisions as to the general conduct of the  
 26 schools, which shall be enforced as entered upon the minutes recorded  
 27 by the secretary of the board, and shall exercise all powers exercised  
 28 before March 13, 1947, under the law, by or through township trustees  
 29 or meetings or petitions of the trustees of the county.

30 (c) The board shall appoint a county superintendent of schools who  
 31 shall serve for a term of four (4) years. The first such appointment  
 32 under this section shall be made in accordance with law in June 1949,  
 33 to become effective August 16, 1949, and thereafter the board shall fill  
 34 vacancies in this office by appointments which shall expire at the end  
 35 of the regular term. The county superintendent of schools and other  
 36 persons employed for administrative or supervisory duties shall be  
 37 deemed to be supervisors of instruction.

38 (d) The government of the common schools of the county shall be  
 39 vested in the board, and the board shall function with all the authority,  
 40 powers, privileges, duties, and obligations granted to or required of  
 41 school cities before March 13, 1947, and school towns and their  
 42 governing boards generally under the laws pertaining thereto with



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1 reference to the purchase of supplies, purchase and sale of buildings,  
2 grounds, and equipment, the erection of buildings, the employment and  
3 dismissal of school personnel, the right and power to sue and be sued  
4 in the name of the county, the insuring of property and employees, ~~the~~  
5 ~~levying and collecting of taxes~~; the making and executing of a budget,  
6 the borrowing of money, the paying of the salaries and expenses of the  
7 county superintendent and employees as approved by the board and to  
8 any act necessary to the proper administration of the common schools  
9 of the county.

10 (e) Such school corporations shall be vested with all right, title, and  
11 interest of their respective predecessor township school corporations  
12 hereby terminated to and in all the real, personal, and other property of  
13 any nature and from whatever source derived, and shall assume, pay,  
14 and be liable for all the indebtedness and liabilities of the same.

15 (f) The treasurer, before entering upon the duties of his office, shall  
16 execute a bond to the acceptance of the county auditor in an amount  
17 equal to the largest sum of money that will be in the possession of the  
18 treasurer at any one (1) time conditioned as an ordinary official bond,  
19 with a reliable surety company or at least two (2) sufficient freehold  
20 sureties, who shall not be members of such board, as surety or sureties  
21 on such bond. The president and secretary shall each give bond, with  
22 like surety or sureties, to be approved by the county auditor, in the sum  
23 of one-fourth (1/4) of said amount. Provided, that such boards of school  
24 trustees may purchase said bonds from some reliable surety company  
25 and pay for them out of the special school revenue of their respective  
26 counties.

27 (g) The powers set forth in this section shall not be considered as or  
28 construed to limit the power and authority of such boards to the powers  
29 therein expressly conferred or to restrict or modify any powers or  
30 authority granted by any other law not in conflict with the provisions  
31 of this section.

32 (h) **This subsection applies only to property tax levies first due**  
33 **and payable before January 1, 2000.** Every such board shall have, as  
34 respects the levy of taxes by it, power annually to levy such amount of  
35 taxes as in the judgment of such board, made matter of record in its  
36 minutes, should be levied to produce income sufficient to conduct and  
37 carry on the common schools committed to such board, and it is hereby  
38 made the duty of such board annually to levy a sum sufficient to meet  
39 all payments of principal and interest as they will mature in the year for  
40 which such levy is made on the bonds, notes, or other obligations of  
41 such board.

42 (i) The power of such board ~~in so making~~ **to make** tax levies shall

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1 be exercised within statutory limits and said levies shall be subject to  
2 the same review as school city and school town levies.

3 SECTION 33. IC 20-2-9-2 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. Said school trustees  
5 shall maintain in each school corporation a term of school at least six  
6 (6) months in duration and **before January 1, 2000**, shall authorize a  
7 local tuition levy sufficient to conduct a six (6) months term of school  
8 each year based on estimates and receipts from all sources for the  
9 previous year, which may include that received from the state's tuition  
10 revenue. ~~Provided, Such~~ **However, the** levy shall not exceed the limit  
11 ~~now~~ provided by law.

12 SECTION 34. IC 20-3-11-20 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 20. **(a)** Each such board  
14 of school commissioners may from time to time, whenever its general  
15 fund shall be exhausted or in the board's judgment be in danger of  
16 exhaustion, make temporary loans for the use of its general fund to be  
17 paid out of ~~the proceeds of taxes theretofore levied by such school city~~  
18 **for its money to be deposited in the** general fund. The amount so  
19 borrowed in aid of said general fund shall be paid into said general  
20 fund and may be used for any purpose for which the said general fund  
21 lawfully may be used. Any such temporary loan shall be evidenced by  
22 the promissory note or notes of said school city, shall bear interest at  
23 not more than seven percent (7%) per annum, interest payable at the  
24 maturity of the note or periodically, as the note may express, and shall  
25 mature at such time or times as the board of school commissioners may  
26 decide, but not later than one (1) year from the date of the note. No  
27 such loan or loans made in any one (1) calendar year shall be for a sum  
28 greater than the amount estimated by said board as the ~~proceeds money~~  
29 **to be received by it from the levy of taxes theretofore made by said**  
30 **school city in behalf of its said deposited in the** general fund **before**  
31 **the due date of the note.** Successive loans may be made in aid of said  
32 general fund in any calendar year, but the aggregate amount thereof,  
33 outstanding at any one (1) time, shall not exceed such estimated  
34 ~~proceeds of taxes levied in behalf of the said general fund: amounts to~~  
35 **be deposited in the general fund during the terms of the notes.**

36 **(b)** No such loan shall be made until notice asking for bids therefor  
37 shall have been given by newspaper publication, which publication  
38 shall be made one (1) time in a newspaper published in said city and  
39 said publication shall be at least seven (7) days before the time when  
40 bids for such loans will be opened. Bidders shall name the amount of  
41 interest they agree to accept not exceeding seven percent (7%) per  
42 annum, and the loan shall be made to the bidder or bidders bidding the



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1 lowest rate of interest. The note or notes or warrants shall not be  
 2 delivered until the full price of the face thereof shall be paid to the  
 3 treasurer of said school city, and no interest shall accrue thereon before  
 4 such delivery.

5 (c) Any such school corporation wishing to make a temporary loan  
 6 in aid of its general fund, finding that it has need to exercise the power  
 7 in this section above given to make a temporary loan, which has in its  
 8 treasury money derived from the sale of bonds, which money derived  
 9 from the sale of bonds cannot or will not, in the due course of the  
 10 business of said school city, be expended in the then near future, may,  
 11 if it so elects, temporarily borrow, and without payment of interest,  
 12 from such bond fund, for the use and aid of said general fund in the  
 13 manner and to the extent hereinafter expressed, viz.: Such school city  
 14 shall, by its board of school commissioners, take all the steps required  
 15 by law to effect such temporary loan up to the point of advertising for  
 16 bids or offers for such loans; it shall then present to the state board of  
 17 tax commissioners of the state of Indiana, and to the state board of  
 18 accounts of the state of Indiana, a copy of the corporate action of said  
 19 school city concerning its desire to make such temporary loan and a  
 20 petition showing the particular need for such temporary loan, and the  
 21 amount and the date or dates when said general fund will need such  
 22 temporary loan, or ~~instalments~~ **installments** of such loan, and the date  
 23 at which such loan, and each ~~instalment~~ **installment** thereof, will be  
 24 needed, and the estimated amounts ~~from taxes~~ to come into said  
 25 general fund, and the dates when it is expected ~~such proceeds of taxes~~  
 26 **that the amounts** will be received by such school city in behalf of said  
 27 general fund, and showing what amount of money said school city has  
 28 in any fund derived from the proceeds of the sale of bonds, which  
 29 cannot or will not be expended in the then near future, and showing  
 30 when and to what extent and why money in such bond fund, not soon  
 31 to be expended, will not be expended in the then near future and  
 32 requesting that said state board of tax commissioners, and said state  
 33 board of accounts, respectively, authorize a temporary loan from said  
 34 bond fund in aid of said general fund.

35 (d) If said state board of tax commissioners shall find and order that  
 36 there is need for such temporary loan, and that it should be made, and  
 37 said state board of accounts shall find that the money proposed to be  
 38 borrowed will not be needed during the period of the temporary loan by  
 39 the fund from which it is to be borrowed, and said two (2) state boards  
 40 shall approve the loan, the business manager and treasurer of said  
 41 school city shall, upon such approval by said two (2) state boards, take  
 42 all steps necessary to transfer the amount of such loans, as a temporary



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1 loan from the fund to be borrowed from, to said general fund of such  
 2 school city. The loan so effected shall, for all purposes, be a debt of the  
 3 school city chargeable against its constitutional debt limit.

4 (e) Such two (2) state boards may fix the aggregate amount so to be  
 5 borrowed on any one (1) petition and shall determine at what time or  
 6 times and in what ~~instalments~~ **installments** and for what periods it  
 7 shall be borrowed. The treasurer and business manager of such school  
 8 city, from time to time, as money shall be collected ~~from taxes levied~~  
 9 in behalf of said general fund, shall credit the same on such loan until  
 10 the amount borrowed is fully repaid to the lending fund, and they shall  
 11 at the end of each calendar month report to the board the several  
 12 amounts so applied ~~from taxes~~ to the payment of such loan.

13 (f) The school city shall, as often as once a month, report to both of  
 14 said state boards the amount of money then so borrowed and unpaid,  
 15 the anticipated like borrowings of the current month, the amount left in  
 16 the said general fund, and the anticipated drafts upon the lending bond  
 17 fund for the objects for which that fund was created.

18 (g) Said two (2) state boards, or either of them, may, if it shall seem  
 19 to said boards, or to either of them, that the fund from which the loan  
 20 was made requires the repayment of all or of part of such loan(s) before  
 21 its maturity or said general fund no longer requires all or some part of  
 22 the proceeds of such loan, require such school city to repay all or any  
 23 part of such loan, and, if necessary to perform the requirement, such  
 24 school city shall exercise its power of making a temporary loan  
 25 procured from others to raise the money so needed to repay the lending  
 26 bond fund the amount so ordered repaid.

27 SECTION 35. IC 20-3.1-15-1, AS ADDED BY P.L.340-1995,  
 28 SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 1998]: Sec. 1. To provide the board with the necessary  
 30 flexibility and resources to carry out this article, the following apply:

31 (1) The board may eliminate or modify existing policies and  
 32 create new policies, and alter policies from time to time, subject  
 33 to this article and the plan developed under IC 20-3.1-7.

34 (2) IC 20-7.5 does not apply to matters set forth in this article.  
 35 The matters set forth in this article may not be the subject of  
 36 collective bargaining or discussion under IC 20-7.5.

37 (3) An exclusive representative certified under IC 20-7.5 to  
 38 represent certified employees of the school city, or any other  
 39 entity voluntarily recognized by the board as a representative of  
 40 employees providing educational services in the schools, may  
 41 bargain collectively only concerning salary, wages, and salary and  
 42 wage related fringe benefits. The exclusive representative may not

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bargain collectively or discuss performance awards under IC 20-3.1-12.

(4) The board of school commissioners may waive the following statutes and rules for any school in the school city without the need for administrative, regulatory, or legislative approval:

(A) The following rules concerning curriculum and instructional time:

- 511 IAC 6.1-3-4
- 511 IAC 6.1-5-0.5
- 511 IAC 6.1-5-1
- 511 IAC 6.1-5-2.5
- 511 IAC 6.1-5-3.5
- 511 IAC 6.1-5-4

(B) The following rules concerning pupil/teacher ratios:

- 511 IAC 6-2-1(b)(2)
- 511 IAC 6.1-4-1

(C) The following statutes and rules concerning textbooks, and rules adopted under the statutes:

- IC 20-10.1-9-1
- IC 20-10.1-9-18
- IC 20-10.1-9-21
- IC 20-10.1-9-23
- IC 20-10.1-9-27
- IC 20-10.1-10-1
- IC 20-10.1-10-2
- 511 IAC 6.1-5-5

(D) The following rules concerning school principals:

- 511 IAC 6-2-1(c)(4)
- 511 IAC 6.1-4-2

(E) 511 IAC 2-2, concerning school construction and remodeling.

(5) Notwithstanding any other law, a school city may do the following:

(A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school city purpose.

(B) Establish a professional development and technology fund to be used for:

- (i) professional development; or
- (ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation among any account of the school

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corporation, including a professional development and technology fund established under clause (B).

(6) Transfer funds obtained from property taxation ~~among~~ **between** the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5) subject to the following:

**(A) For property taxes first due and payable:**

**(i) before January 1, 2000**, the sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under ~~this clause;~~ **subdivision; and**

**(ii) after December 31, 1999**, the property tax rate for the school transportation fund after a transfer occurs under this subdivision may not exceed the property tax rate for the school transportation fund before a transfer occurs under this subdivision.

**(B)** This ~~clause~~ **subdivision** does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 36. IC 20-4-1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 18. (a) Whenever the creation of a community school corporation out of an existing corporation would involve no change in its territorial boundaries or in its board of school trustees or other governing body, other than a change, if any, in the time of election or appointment or the time the board members take office, and such creation is consistent with the standards set up pursuant to the provisions of this chapter as modified, if any, by the standards set out in this section, the state board may upon its own motion or upon petition of the governing body of the existing school corporation at any time with hearing in the county where such school corporation is located, after notice by publication at least once in one (1) newspaper of general circulation published in the county where such school corporation is located, at least ten (10) but not more than thirty (30) days prior to the date of such hearing and without action of the county committee declare such existing school corporation to be a community school corporation by adopting a resolution to this effect. Such existing school corporation shall qualify as to size and financial resources if it has an average daily attendance of two hundred seventy (270) or more, in grades nine (9) through twelve (12), or of one thousand (1000) or more, in grades one (1)

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1 through twelve (12), and has an assessed valuation per pupil of five  
 2 thousand dollars (\$5,000) or more. For the purposes of this provision  
 3 the following terms shall have the following meanings:

4 (1) "County tax" shall be a property tax which is levied at an  
 5 equal rate in the entire county in which any school corporation is  
 6 located, other than a tax qualifying as a county-wide tax within  
 7 the meaning of Acts 1959, c.328, s.2, or any similar statute, and  
 8 the net proceeds of which are distributed to school corporations  
 9 in the county.

10 (2) "Assessed valuation" of any school corporation shall mean the  
 11 net assessed value of its real and personal property as of March 1,  
 12 1964, adjusted in the same manner as such assessed valuation is  
 13 adjusted for each county by the state board of tax commissioners  
 14 under Acts 1949, c.247, s.5, as now or hereafter amended, unless  
 15 such statute has been repealed or no longer provides for such  
 16 adjustment. In the event a county has a county tax, then the  
 17 assessed valuation of each school corporation in the county shall  
 18 be increased by the amount of assessed valuation, if any, which  
 19 would be required to raise an amount of money, equal to the  
 20 excess of the amount distributed to any school corporation from  
 21 the county tax over the amount collected from such county tax in  
 22 such school corporation, using total taxes levied by such school  
 23 corporation in terms of rate excluding the countywide tax under  
 24 Acts 1959, c.328, s.2, or any similar statute, and including all  
 25 other taxes levied by or for such school corporation, including but  
 26 not limited to the county tax, bond fund levy, lease rental levy,  
 27 library fund levy, special school fund levy, tuition ~~fund~~ levy  
 28 **(before January 1, 2000)**, capital projects fund levy, and special  
 29 funds levies. Such increased valuation shall be based on the  
 30 excess distributed to the school corporation from the county tax  
 31 levied for the year 1964 and the total taxes levied for such year,  
 32 or if the county tax is first applied or is raised for years after 1964,  
 33 then the excess distributions and total taxes levied for the year in  
 34 which such tax is first applied or raised. In the event such excess  
 35 distribution and total taxes levied cannot be determined  
 36 accurately on or prior to the adoption of the resolution provided  
 37 in this section, excess distribution and taxes levied shall be  
 38 estimated by the state board of tax commissioners using the last  
 39 preceding assessed valuations and tax rates or such other  
 40 information as they shall see fit, certifying such increased  
 41 assessment to the state board prior to such time. In all cases, the  
 42 excess distribution shall be determined upon the assumption that

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the county tax is one hundred percent (100%) collected and all collections are distributed.

(3) "Assessed valuation per pupil" of any school corporation means the assessed valuation of any such school corporation divided by its average daily attendance in grades one (1) through twelve (12).

(4) "Average daily attendance" in any school corporation shall mean the average daily attendance of pupils who are residents in such school corporation and in the particular grades to which such term refers for the school year 1964-1965 in accordance with the applicable regulations of the state superintendent of public instruction, used in determining such average daily attendance in the distribution of the tuition funds by the state to its various school corporations where such funds are distributed on such basis and irrespective of whether such figures are the actual resident daily attendance of such school for the school year.

(b) Such community school corporation shall automatically come into being on either July 1 or January 1 following the date of such approval, whichever is earlier. The state board shall mail by certified United States mail, return receipt requested, a copy of such resolution certified by its director or its secretary to the recorder of the county from which the county committee having jurisdiction of such existing school corporation was appointed and to such county committee. Such resolution may change the time of election or appointment of the board members of such school corporation or the time such board members take office. The recorder shall without cost record such certified resolution in the miscellaneous records of the county. Such recording shall constitute a permanent record of the action of the state board and may be relied on by any person. Unless the resolution otherwise provides no interim board member shall be appointed, the board members in office on the date of such action shall continue to constitute the board of trustees of such school corporation until their successors are qualified, and the terms of their respective office and board membership shall remain unchanged except to the extent that such resolution otherwise provides. For all purposes under this chapter, community school corporation shall be regarded as a school corporation created under the provisions of section 22 of this chapter.

SECTION 37. IC 20-4-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. (a) Except as otherwise provided with respect to the power to issue bonds in section 10 of this chapter, said school board shall perform the duties and shall have all the powers vested in the school board or board of trustees of

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1 a school city of the class in which the consolidated school corporation  
 2 would fall on the basis of its population according to the last preceding  
 3 United States census under the statutes of this state, if it were organized  
 4 as a school city. In the event, however, such consolidated school  
 5 corporation has a population determined in such manner of less than  
 6 two thousand (2,000), such school board shall perform the duties and  
 7 shall have all the powers vested in the school board of a school town.  
 8 The cost of maintaining such consolidated schools shall be borne by the  
 9 consolidated school corporation as a ~~single~~ tax unit.

10 **(b) This subsection applies only for property taxes first due and**  
 11 **payable before January 1, 2000.** Taxes to meet such cost **described**  
 12 **in subsection (a)** shall be levied by said consolidated school board at  
 13 a uniform and equal rate on all the taxable property located within the  
 14 limits of said consolidated school corporation, and collected in the city  
 15 or cities, town or towns, township or townships in the same manner as  
 16 other taxes are levied and collected.

17 SECTION 38. IC 20-4-8-11 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 11. (a) The board as  
 19 above referred to shall make decisions pertaining to the general  
 20 conduct of the schools which shall be enforced as entered upon the  
 21 minutes recorded by the secretary of the board, and subject to  
 22 provisions in this chapter otherwise, shall exercise all powers  
 23 previously exercised under the law, by or through township trustees or  
 24 meetings or petitions of the township trustees of the county, or county  
 25 boards of education previously existing and such offices, namely,  
 26 township trustee, county board or county boards of education insofar  
 27 as the conduct of public schools is concerned are abolished as of noon  
 28 on the day and date the county school corporation is created and comes  
 29 into existence under this chapter.

30 (b) The county superintendent of schools and other persons  
 31 employed for administrative or supervisory duties may be deemed to  
 32 be supervisors of instruction.

33 (c) The government of the common schools of the county shall be  
 34 vested in the board, and the board shall function with all the authority,  
 35 powers, privileges, duties, and obligations previously granted to or  
 36 required of school cities and their governing boards generally under the  
 37 laws pertaining thereto with reference to the purchase of supplies,  
 38 purchase and sale of buildings, grounds, and equipment, the erection  
 39 of buildings, the employment and dismissal of school personnel, the  
 40 insuring of property and employees, the levying and collecting of taxes;  
 41 the making and executing of a budget, the borrowing of money, the  
 42 paying of the salaries and expenses of the county superintendent and



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1 employees as approved by the board, shall be a body corporate and  
 2 politic by the name and style of "The County School Corporation of  
 3 \_\_\_\_\_ County, Indiana" with the right to prosecute and defend suits;  
 4 and shall act in any manner necessary to the proper administration of  
 5 the common schools of the county.

6 (d) School corporations shall be vested with all rights, titles, and  
 7 interests of their respective predecessor township and town school  
 8 corporations terminated; and in all the real, personal, and other  
 9 property of any nature and from whatever source derived, and shall  
 10 assume, pay, and be liable for all the indebtedness, obligations, and  
 11 liabilities and duties of the predecessor corporations from whatever  
 12 source derived and however arising, and shall institute and defend suits  
 13 arising out of aforesaid liabilities, obligations, duties, and rights  
 14 assumed as a county school corporation.

15 (e) The treasurer, before entering upon the duties of his office, shall  
 16 execute a bond to the acceptance of the county auditor in an amount  
 17 equal to the largest sum of money that will be in the possession of the  
 18 treasurer at any one (1) time, conditioned as an ordinary official bond,  
 19 with a reliable surety company or at least two (2) sufficient freehold  
 20 sureties, who shall not be members of such board, as surety or sureties  
 21 on such bond. The president and the secretary shall each give bond,  
 22 with like surety or sureties, to be approved by the county auditor, in the  
 23 sum of one-fourth (1/4) of said amount. Boards of school trustees may  
 24 purchase bonds from some reliable surety company and pay for them  
 25 out of the special school revenue of their respective counties.

26 (f) The powers set forth in this section shall not be considered as or  
 27 construed to limit the power and authority of such boards to the powers  
 28 therein expressly conferred or to restrict or modify any powers or  
 29 authority granted by any other law not in conflict with the provisions  
 30 of this section.

31 (g) **This subsection applies only to property taxes first due and**  
 32 **payable before January 1, 2000.** Every such board shall have the  
 33 power annually to levy such amount of taxes as in the judgment of such  
 34 board, made matter of record in its minutes, should be levied to  
 35 produce income sufficient to conduct and carry on the common schools  
 36 committed to such board, and it is made the duty of such board  
 37 annually to levy a rate and levy that will produce a sum sufficient to  
 38 meet all payments of principal and interest as they will mature in the  
 39 year for which such levy is made on the bonds, notes, or other  
 40 obligations of such board.

41 (h) The power of such board ~~in so making~~ **to make** tax levies shall  
 42 be exercised within existing statutory limits and said levies shall be

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1 subject to the same review as school city levies.

2 SECTION 39. IC 20-4-8-21 IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 21. (a) The board as  
 4 referred to in this chapter shall make decisions pertaining to the general  
 5 conduct of the schools which shall be enforced as entered upon the  
 6 minutes recorded by the secretary of the board, and, subject to this  
 7 chapter, shall exercise all powers previously exercised under the law,  
 8 by or through township trustees or meetings or petitions of the  
 9 township trustees of the county, ~~and/or~~ ~~or~~ county boards of education  
 10 previously existing, and such offices, namely township trustee, county  
 11 board ~~and/or~~ ~~or~~ county boards of education insofar as the conduct of  
 12 public schools is concerned are hereby abolished as of noon on the day  
 13 and date the metropolitan school district is created and comes into  
 14 existence.

15 (b) The metropolitan superintendent of schools and other persons  
 16 employed for administrative or supervisory duties may be deemed to  
 17 be supervisors of instruction and as such eligible, subject to the rules  
 18 that have been or shall be adopted by the **Indiana** state board of  
 19 education, to qualify for teaching units in accordance with law.

20 (c) The government of the common schools of said district shall be  
 21 vested in the board, and the board shall function with all the authority,  
 22 powers, privileges, duties, and obligations previously granted to or  
 23 required of school cities and their governing boards generally under the  
 24 laws pertaining thereto with reference to the purchase of supplies,  
 25 purchase and sale of buildings, grounds, and equipment, the erection  
 26 of buildings, the employment and dismissal of school personnel, the  
 27 insuring of property and employees, the levying and collecting of taxes;  
 28 the making and executing of a budget, the borrowing of money, the  
 29 paying of the salaries and expenses of the county superintendent and  
 30 employees as approved by the board; shall be a body corporate and  
 31 politic by the name and style of "The Metropolitan School District of  
 32 \_\_\_\_\_, Indiana" with the right to prosecute and defend suits and  
 33 shall act in any manner necessary to the proper administration of the  
 34 common schools of the county.

35 (d) Such school districts shall be vested with all rights, titles, and  
 36 interests of their respective predecessor township and town school  
 37 corporations hereby terminated and in all the real, personal, and other  
 38 property of any nature and from whatever source derived, and shall  
 39 assume, pay, and be liable for all the indebtedness, obligations, and  
 40 liabilities and duties of said predecessor corporations from whatever  
 41 source derived and however arising and shall institute and defend suits  
 42 arising out of aforesaid liabilities, obligations, duties, and rights



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assumed as a metropolitan school district.

(e) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor which shall in no event be greater than the largest sum of money that will be in the possession of the treasurer at any one (1) time. The board of education may purchase said bond from a reliable surety company and pay for it out of the special school revenue of the metropolitan district.

(f) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

(g) **This subsection applies only for property taxes first due and payable before January 1, 2000.** Every such board shall have the power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board, and it is hereby made the duty of such board annually to levy a rate and levy that will produce a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board.

(h) The power of such board ~~in so making~~ **to make** tax levies shall be exercised within statutory limits and said levies shall be subject to the same review as school city levies.

SECTION 40. IC 20-4-16-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. As used in this chapter, the following terms shall have the following meanings:

(a) "City" or "town" shall be a city or town which conducts its school as school city or school town or as part of a consolidated or metropolitan school corporation.

(b) "Annexing school corporation" shall be the school corporation of any city or town which annexes territory.

(c) "Original school corporation" shall be a school corporation from whom territory is annexed.

(d) "Annexed territory" shall be the territory annexed from an original school corporation by such city or town.

(e) "Tax receipts" shall be the amounts received from the tax levy for the ~~tuition and~~ special school funds **and, before January 1, 2000, tuition support** by the original school corporation from the annexed territory.

SECTION 41. IC 20-5-4-6 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. If the governing  
 2 board shall find, by written resolution, that an emergency exists which  
 3 requires the expenditure of any money for any lawful corporate purpose  
 4 which was not included in its existing budget, ~~and tax levy~~; it may  
 5 authorize the making of an emergency loan, **to be repaid before the**  
 6 **end of the following budget year**, which may be evidenced by the  
 7 issuance of its note or notes in the same manner and subject to the  
 8 same procedure and restrictions as provided for the issuance of its  
 9 bonds, except as to purpose. **Subject, for property taxes first due and**  
 10 **payable after December 31, 1999, to IC 6-1.1-19-1.9**, at the time for  
 11 making the next annual budget and tax levy for such school  
 12 corporation, the governing body shall make a levy to the credit of the  
 13 fund for which such expenditure is made sufficient to pay such debt  
 14 and the interest thereon; however, the interest on the loan may be paid  
 15 from the debt service fund.

16 SECTION 42. IC 20-5-4-8 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) Whenever the  
 18 governing board of a school corporation finds and declares that an  
 19 emergency exists for the borrowing of money with which to pay current  
 20 expenses from a particular fund before the receipt of ~~revenues from~~  
 21 ~~taxes levied or state tuition support distributions~~ **money** for such fund,  
 22 the governing board may issue warrants in anticipation of the receipt  
 23 of said ~~revenues~~: **money**.

24 (b) The principal of these warrants shall be payable solely from the  
 25 fund ~~for which the taxes are levied~~ **that receives the loan proceeds** or  
 26 from the general fund in the case of anticipated state tuition support  
 27 distributions. ~~However~~, The interest on these warrants may be paid  
 28 from the debt service fund, from the fund ~~for which the taxes are~~  
 29 ~~levied~~; **that receives the loan proceeds**, or from the general fund in  
 30 the case of anticipated state tuition support distributions.

31 (c) The amount of principal of temporary loans maturing on or  
 32 before June 30 for any fund shall not exceed eighty percent (80%) of  
 33 the amount of ~~taxes and state tuition support distributions~~ **the money**  
 34 estimated to be ~~collected~~ or received for and distributed to the fund **at**  
 35 **not later than** the June settlement.

36 (d) The amount of principal of temporary loans maturing after June  
 37 30, and on or before December 31, shall not exceed eighty percent  
 38 (80%) of the amount of ~~taxes and state tuition support distributions~~  
 39 **money** estimated to be ~~collected~~ or received ~~for and distributed to in~~  
 40 the fund **at not later than** the December settlement.

41 (e) At each settlement, the amount of ~~taxes and state tuition support~~  
 42 ~~distributions~~ **money** estimated to be ~~collected~~ or received ~~for and~~



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1 ~~distributed to in~~ the fund includes any allocations to the fund from the  
2 property tax replacement fund.

3 (f) The estimated amount of ~~taxes and state tuition support~~  
4 ~~distributions money~~ to be ~~collected or received and distributed~~ shall be  
5 made by the county auditor or the auditor's deputy. The warrants  
6 evidencing any loan in anticipation of ~~tax revenue or state tuition~~  
7 ~~support distributions~~ shall not be delivered to the purchaser of the  
8 warrant nor payment made on the warrant before January 1 of the year  
9 the loan is to be repaid. However, the proceedings necessary to the loan  
10 may be held and carried out before January 1 and before the approval.  
11 The loan may be made even though a part of the last preceding June or  
12 December settlement has not yet been received.

13 (g) Proceedings for the issuance and sale of warrants for more than  
14 one (1) fund may be combined, but separate warrants for each fund  
15 shall be issued and each warrant shall state on its face the fund from  
16 which its principal is payable. No action to contest the validity of such  
17 warrants shall be brought later than fifteen (15) days from the first  
18 publication of notice of sale.

19 (h) No issue of ~~tax or state tuition support~~ anticipation warrants  
20 shall be made if the aggregate of all these warrants ~~exceed exceeds~~  
21 twenty thousand dollars (\$20,000) until the issuance is advertised for  
22 sale, bids received, and an award made by the governing board as  
23 required for the sale of bonds, except that the sale notice need not be  
24 published outside of the county nor more than ten (10) days before the  
25 date of sale.

26 SECTION 43. IC 20-5-13-9 IS AMENDED TO READ AS  
27 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. (a) All school cities,  
28 school townships, school towns, and joint districts are hereby  
29 authorized to establish, equip, operate, and maintain school kitchens  
30 and school lunch rooms, for the improvement of the health of the  
31 school children attending school therein, and for the advancement of  
32 the educational work of their respective schools; to employ all  
33 necessary directors, assistants, and agents; and appropriate funds of  
34 such school corporations for such purpose. Such participation in a  
35 school lunch program pursuant to the provisions of this chapter shall  
36 be discretionary with the governing board of any school corporation.

37 (b) In the event that federal funds are not available for the purpose  
38 of carrying on a school lunch program, the state of Indiana shall not  
39 participate in such school lunch program and any money appropriated  
40 by the state of Indiana for such purpose, and not expended, shall  
41 immediately revert to the state general fund. Failure on the part of the  
42 state of Indiana to participate in the school lunch program shall not

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1 invalidate any appropriation made or school lunch program carried on  
 2 by any school corporation by means of gifts or **other** money **raised by**  
 3 **tax levy pursuant to the provisions of this chapter available** for the  
 4 purpose of such school lunch program.

5 SECTION 44. IC 20-5-17.5-2 (CURRENT VERSION) IS  
 6 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]:  
 7 Sec. 2. (a) This subsection does not apply to a school corporation in a  
 8 county having a population of more than two hundred thousand  
 9 (200,000) but less than three hundred thousand (300,000). The  
 10 governing body of a school corporation may annually **levy and**  
 11 appropriate, from its general fund, a sum ~~of that does not more than~~  
 12 **exceed the amount that would be raised by a property tax rate of**  
 13 one and one-half cents (\$0.015) on each one hundred dollars (\$100) of  
 14 assessed valuation in the school corporation to be paid to a historical  
 15 society, subject to subsection (c).

16 (b) This subsection applies only to a school corporation in a county  
 17 having a population of more than two hundred thousand (200,000) but  
 18 less than three hundred thousand (300,000). To provide funding for a  
 19 historical society under this section, the governing body of a school  
 20 corporation may impose a **property tax rate** of not more than one and  
 21 one-half cents (\$0.015) on each one hundred dollars (\$100) of assessed  
 22 valuation in the school corporation. This tax is not subject to the tax  
 23 levy limitations imposed on the school corporation by IC 6-1.1-19-1.5  
 24 **(repealed January 1, 2000)** or the provisions of IC 21-2-11-8  
 25 **(repealed January 1, 2000)**. The school corporation shall deposit the  
 26 proceeds of the tax in a fund to be known as the historical society fund.  
 27 The historical society fund is separate and distinct from the school  
 28 corporation's general fund and may be used only for the purpose of  
 29 providing funds for a historical society under this section. Subject to  
 30 subsection (c), the governing body of the school corporation may  
 31 annually appropriate the money in the fund to be paid in semiannual  
 32 installments to a historical society having facilities in the county.

33 (c) Before a historical society may receive payments under this  
 34 section, its governing board must adopt a resolution that entitles:

- 35 (1) the governing body of the school corporation to appoint its  
 36 superintendent and one (1) of its history teachers as visitors, with  
 37 the privilege of attending all meetings of the society's governing  
 38 board;  
 39 (2) the governing body of the school corporation to nominate two  
 40 (2) persons for membership on the society's governing board;  
 41 (3) the school corporation to use any of the society's facilities and  
 42 equipment for educational purposes consistent with the society's

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1 purposes;

2 (4) the students and teachers of the school corporation to tour the  
3 society's museum, if any, free of charge; and

4 (5) the school corporation to borrow artifacts from the society's  
5 collection, if any, for temporary exhibit in the schools.

6 SECTION 45. IC 20-5-17.5-2, AS AMENDED BY P.L.6-1997,  
7 SECTION 180 (DELAYED VERSION), IS AMENDED TO READ AS  
8 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 2. (a) This  
9 subsection does not apply to a school corporation in a county having a  
10 population of more than two hundred thousand (200,000) but less than  
11 three hundred thousand (300,000). The governing body of a school  
12 corporation may annually **levy and** appropriate, from its general fund,  
13 a sum ~~of that does not exceed the amount that would be raised by~~  
14 **a property tax rate** of more than five-tenths of one cent (\$0.005) on  
15 each one hundred dollars (\$100) of assessed valuation in the school  
16 corporation to be paid to a historical society, subject to subsection (c).

17 (b) This subsection applies only to a school corporation in a county  
18 having a population of more than two hundred thousand (200,000) but  
19 less than three hundred thousand (300,000). To provide funding for a  
20 historical society under this section, the governing body of a school  
21 corporation may impose a **property tax rate** of not more than  
22 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of  
23 assessed valuation in the school corporation. This tax is not subject to  
24 the tax levy limitations imposed on the school corporation by  
25 IC 6-1.1-19-1.5 (**repealed January 1, 2000**) or the provisions of  
26 IC 21-2-11-8 (**repealed January 1, 2000**). The school corporation  
27 shall deposit the proceeds of the tax in a fund to be known as the  
28 historical society fund. The historical society fund is separate and  
29 distinct from the school corporation's general fund and may be used  
30 only for the purpose of providing funds for a historical society under  
31 this section. Subject to subsection (c), the governing body of the school  
32 corporation may annually appropriate the money in the fund to be paid  
33 in semiannual installments to a historical society having facilities in the  
34 county.

35 (c) Before a historical society may receive payments under this  
36 section, its governing board must adopt a resolution that entitles:

37 (1) the governing body of the school corporation to appoint its  
38 superintendent and one (1) of its history teachers as visitors, with  
39 the privilege of attending all meetings of the society's governing  
40 board;

41 (2) the governing body of the school corporation to nominate two  
42 (2) persons for membership on the society's governing board;



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1 (3) the school corporation to use any of the society's facilities and  
 2 equipment for educational purposes consistent with the society's  
 3 purposes;

4 (4) the students and teachers of the school corporation to tour the  
 5 society's museum, if any, free of charge; and

6 (5) the school corporation to borrow artifacts from the society's  
 7 collection, if any, for temporary exhibit in the schools.

8 SECTION 46. IC 20-5-17.5-3 (CURRENT VERSION) IS  
 9 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]:

10 Sec. 3. (a) This section applies to school corporations in a county  
 11 containing a city having a population of:

12 (1) more than one hundred fifty thousand (150,000) but less than  
 13 five hundred thousand (500,000);

14 (2) more than one hundred twenty thousand (120,000) but less  
 15 than one hundred fifty thousand (150,000);

16 (3) more than one hundred ten thousand (110,000) but less than  
 17 one hundred twenty thousand (120,000);

18 (4) more than ninety thousand (90,000) but less than one hundred  
 19 ten thousand (110,000); or

20 (5) more than seventy-five thousand (75,000) but less than ninety  
 21 thousand (90,000).

22 (b) In order to provide funding for an art association under this  
 23 section, the governing body of a school corporation may impose a tax  
 24 of not more than one and one-half cents (\$0.015) on each one hundred  
 25 dollars (\$100) of assessed valuation in the school corporation. This tax  
 26 is not subject to the tax levy limitations imposed on the school  
 27 corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2000**) or the  
 28 provisions of IC 21-2-11-8 (**repealed January 1, 2000**).

29 (c) The school corporation shall deposit the proceeds of the tax  
 30 imposed under subsection (b) in a fund to be known as the art  
 31 association fund. The art association fund is separate and distinct from  
 32 the school corporation's general fund and may be used only for the  
 33 purpose of providing funds for an art association under this section.  
 34 The governing body of the school corporation may annually  
 35 appropriate the money in the fund to be paid in semiannual installments  
 36 to an art association having facilities in a city that is listed in subsection  
 37 (a), subject to subsection (d).

38 (d) Before an art association may receive payments under this  
 39 section, its governing board must adopt a resolution that entitles:

40 (1) the governing body of the school corporation to appoint its  
 41 superintendent and its director of art instruction as visitors, with  
 42 the privilege of attending all meetings of the association's

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- 1 governing board;
- 2 (2) the governing body of the school corporation to nominate
- 3 persons for membership on the association's governing board,
- 4 with at least two (2) of the nominees to be elected;
- 5 (3) the school corporation to use any of the association's facilities
- 6 and equipment for educational purposes consistent with the
- 7 association's purposes;
- 8 (4) the students and teachers of the school corporation to tour the
- 9 association's museum and galleries free of charge;
- 10 (5) the school corporation to borrow materials from the
- 11 association for temporary exhibit in the schools;
- 12 (6) the teachers of the school corporation to receive normal
- 13 instruction in the fine and applied arts at half the regular rates
- 14 charged by the association; and
- 15 (7) the school corporation to expect such exhibits in the
- 16 association's museum as will supplement the work of the students
- 17 and teachers of the corporation.

18 A copy of the resolution, certified by the president and secretary of the  
 19 association, must be filed in the office of the school corporation before  
 20 payments may be received.

21 (e) A resolution filed under subsection (d) need not be renewed  
 22 from year to year but continues in effect until rescinded. An art  
 23 association that complies with this section is entitled to continue to  
 24 receive payments under this section as long as it so complies.

25 (f) Whenever more than one (1) art association in a city that is listed  
 26 in subsection (a) qualifies to receive payments under this section, the  
 27 governing body of the school corporation shall select the one (1) art  
 28 association best qualified to perform the services described by  
 29 subsection (c). A school corporation may select only one (1) art  
 30 association to receive payments under this section.

31 SECTION 47. IC 20-5-17.5-3, AS AMENDED BY P.L.6-1997,  
 32 SECTION 181 (DELAYED VERSION), IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. (a) This section  
 34 applies to school corporations in a county containing a city having a  
 35 population of:

- 36 (1) more than one hundred fifty thousand (150,000) but less than
- 37 five hundred thousand (500,000);
- 38 (2) more than one hundred twenty thousand (120,000) but less
- 39 than one hundred fifty thousand (150,000);
- 40 (3) more than one hundred ten thousand (110,000) but less than
- 41 one hundred twenty thousand (120,000);
- 42 (4) more than ninety thousand (90,000) but less than one hundred

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1           ten thousand (110,000); or  
 2           (5) more than seventy-five thousand (75,000) but less than ninety  
 3           thousand (90,000).

4           (b) In order to provide funding for an art association under this  
 5           section, the governing body of a school corporation may impose a tax  
 6           of not more than five-tenths of one cent (\$0.005) on each one hundred  
 7           dollars (\$100) of assessed valuation in the school corporation. This tax  
 8           is not subject to the tax levy limitations imposed on the school  
 9           corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2000**) or the  
 10          provisions of IC 21-2-11-8 (**repealed January 1, 2000**).

11          (c) The school corporation shall deposit the proceeds of the tax  
 12          imposed under subsection (b) in a fund to be known as the art  
 13          association fund. The art association fund is separate and distinct from  
 14          the school corporation's general fund and may be used only for the  
 15          purpose of providing funds for an art association under this section.  
 16          The governing body of the school corporation may annually  
 17          appropriate the money in the fund to be paid in semiannual installments  
 18          to an art association having facilities in a city that is listed in subsection  
 19          (a), subject to subsection (d).

20          (d) Before an art association may receive payments under this  
 21          section, its governing board must adopt a resolution that entitles:

- 22           (1) the governing body of the school corporation to appoint its  
 23           superintendent and its director of art instruction as visitors, with  
 24           the privilege of attending all meetings of the association's  
 25           governing board;  
 26           (2) the governing body of the school corporation to nominate  
 27           persons for membership on the association's governing board,  
 28           with at least two (2) of the nominees to be elected;  
 29           (3) the school corporation to use any of the association's facilities  
 30           and equipment for educational purposes consistent with the  
 31           association's purposes;  
 32           (4) the students and teachers of the school corporation to tour the  
 33           association's museum and galleries free of charge;  
 34           (5) the school corporation to borrow materials from the  
 35           association for temporary exhibit in the schools;  
 36           (6) the teachers of the school corporation to receive normal  
 37           instruction in the fine and applied arts at half the regular rates  
 38           charged by the association; and  
 39           (7) the school corporation to expect such exhibits in the  
 40           association's museum as will supplement the work of the students  
 41           and teachers of the corporation.

42          A copy of the resolution, certified by the president and secretary of the

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1 association, must be filed in the office of the school corporation before  
2 payments may be received.

3 (e) A resolution filed under subsection (d) need not be renewed  
4 from year to year but continues in effect until rescinded. An art  
5 association that complies with this section is entitled to continue to  
6 receive payments under this section as long as it so complies.

7 (f) Whenever more than one (1) art association in a city that is listed  
8 in subsection (a) qualifies to receive payments under this section, the  
9 governing body of the school corporation shall select the one (1) art  
10 association best qualified to perform the services described by  
11 subsection (c). A school corporation may select only one (1) art  
12 association to receive payments under this section.

13 SECTION 48. IC 20-5-62-6, AS AMENDED BY P.L.34-1996,  
14 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 1998]: Sec. 6. Except as provided in this chapter and  
16 notwithstanding any other law, a freeway school corporation or a  
17 freeway school may do the following during the contract period:

18 (1) Disregard the observance of any statute or rule that is listed in  
19 the contract.

20 (2) Lease school transportation equipment to others for nonschool  
21 use when the equipment is not in use for a school corporation  
22 purpose, if the lessee has not received a bid from a private entity  
23 to provide transportation equipment or services for the same  
24 purpose.

25 (3) Replace the budget and accounting system that is required by  
26 law with a budget or accounting system that is frequently used in  
27 the private business community. The state board of accounts may  
28 not go beyond the requirements imposed upon the state board of  
29 accounts by statute in reviewing the budget and accounting  
30 system used by a freeway school corporation or a freeway school.

31 (4) Establish a professional development and technology fund to  
32 be used for:

33 (A) professional development; or

34 (B) technology, including video distance learning.

35 (5) Transfer funds obtained from sources other than state or local  
36 government taxation among any accounts of the school  
37 corporation, including a professional development and technology  
38 fund established under subdivision (4).

39 (6) Transfer funds obtained from property taxation and from state  
40 distributions **among between** the general fund (established under  
41 IC 21-2-11) and the school transportation fund (established under  
42 IC 21-2-11.5), subject to the following:

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- 1                   (A) **For property taxes first due and payable:**  
 2                    (i) **before January 1, 2000**, the sum of the property tax rates  
 3                    for the general fund and the school transportation fund after  
 4                    a transfer occurs under this subdivision may not exceed the  
 5                    sum of the property tax rates for the general fund and the  
 6                    school transportation fund before a transfer occurs under  
 7                    this subdivision; **and**  
 8                    (ii) **after December 31, 1999**, the property tax rate for  
 9                    **the school transportation fund after a transfer occurs**  
 10                    **under this subdivision may not exceed the property tax**  
 11                    **rate for the school transportation fund after a transfer**  
 12                    **occurs under this subdivision.**  
 13                    (B) This subdivision does not allow a school corporation to  
 14                    transfer to any other fund money from the:  
 15                    (i) capital projects fund (established under IC 21-2-15); or  
 16                    (ii) debt service fund (established under IC 21-2-4).  
 17                    (7) Establish a locally adopted assessment program to replace the  
 18                    assessment of students under the ISTEP program established  
 19                    under IC 20-10.1-16-8, subject to the following:  
 20                    (A) A locally adopted assessment program must be established  
 21                    by the governing body and approved by the department.  
 22                    (B) A locally adopted assessment program may use a locally  
 23                    developed test or a nationally developed test.  
 24                    (C) Results of assessments under a locally adopted assessment  
 25                    program are subject to the same reporting requirements as  
 26                    results under the ISTEP program.  
 27                    (D) Each student who completes a locally adopted assessment  
 28                    program and the student's parent or guardian has the same  
 29                    rights to inspection and rescoring as are set forth in  
 30                    IC 20-10.1-16-7(d).  
 31                    SECTION 49. IC 20-8.1-6.1-8, AS AMENDED BY  
 32                    P.L.260-1997(ss), SECTION 58, IS AMENDED TO READ AS  
 33                    FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) As used in this  
 34                    section, the following terms have the following meanings:  
 35                    (1) "Class of school" refers to a classification of each school or  
 36                    program in the transferee corporation by the grades or special  
 37                    programs taught at the school. Generally, these classifications are  
 38                    denominated as kindergarten, elementary school, middle school  
 39                    or junior high school, high school, and special schools or classes,  
 40                    such as schools or classes for special education, vocational  
 41                    training, or career education.  
 42                    (2) "ADM" means the following:



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- 1 (A) For purposes of allocating to a transfer student state  
 2 distributions under IC 21-1-30 (primetime), "ADM" as  
 3 computed under IC 21-1-30-2.
- 4 (B) For all other purposes, "ADM" as set forth in  
 5 IC 21-3-1.6-1.1.
- 6 (3) "Pupil enrollment" means the following:
- 7 (A) The total number of students in kindergarten through  
 8 grade 12 who are enrolled in a transferee school corporation  
 9 on a date determined by the Indiana state board of education.
- 10 (B) The total number of students enrolled in a class of school  
 11 in a transferee school corporation on a date determined by the  
 12 Indiana state board of education.
- 13 However, a kindergarten student shall be counted under clauses  
 14 (A) and (B) as one-half (1/2) a student.
- 15 (4) "Special equipment" means equipment that during a school  
 16 year:
- 17 (A) is used only when a child with disabilities is attending  
 18 school;
- 19 (B) is not used to transport a child to or from a place where the  
 20 child is attending school;
- 21 (C) is necessary for the education of each child with  
 22 disabilities that uses the equipment, as determined under the  
 23 individualized instruction program for the child; and
- 24 (D) is not used for or by any child who is not a child with  
 25 disabilities.
- 26 The Indiana state board of education may select a different date for  
 27 counts under subdivision (3). However, the same date shall be used for  
 28 all school corporations making a count for the same class of school.
- 29 (b) Each transferee corporation is entitled to receive for each school  
 30 year on account of each transferred student, except a student  
 31 transferred under section 3 of this chapter, transfer tuition from the  
 32 transferor corporation or the state as provided in this chapter. Transfer  
 33 tuition equals the amount determined under STEP THREE of the  
 34 following formula:
- 35 STEP ONE: Allocate to each transfer student the capital  
 36 expenditures for any special equipment used by the transfer  
 37 student and a proportionate share of the operating costs incurred  
 38 by the transferee school for the class of school where the transfer  
 39 student is enrolled.
- 40 STEP TWO: If the transferee school included the transfer student  
 41 in the transferee school's ADM for a school year, allocate to the  
 42 transfer student a proportionate share of the following general

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1 fund revenues of the transferee school for, except as provided in  
2 clause (C), the calendar year in which the school year ends:

3 (A) The following state distributions that are computed in any  
4 part using ADM or other pupil count in which the student is  
5 included:

6 (i) Primetime grant under IC 21-1-30.

7 (ii) Tuition support for basic programs and at-risk weights  
8 under IC 21-3-1.7-8 (before January 1, 1996) and only for  
9 basic programs (after December 31, 1995).

10 (iii) Enrollment growth grant under IC 21-3-1.7-9.5.

11 (iv) At-risk grant under IC 21-3-1.7-9.7.

12 (v) Academic honors diploma award under IC 21-3-1.7-9.8.

13 (vi) Vocational education grant under IC 21-3-1.8-3.

14 (vii) Special education grant under IC 21-3-1.8 (repealed  
15 January 1, 1996) or IC 21-3-10.

16 (viii) The portion of the ADA flat grant that is available for  
17 the payment of general operating expenses under  
18 IC 21-3-4.5-2(b)(1).

19 (B) For school years beginning after June 30, 1997, property  
20 tax levies.

21 (C) For school years beginning after June 30, 1997, excise tax  
22 revenue (as defined in IC 21-3-1.7-2) received for deposit in  
23 the calendar year in which the school year begins.

24 (D) For school years beginning after June 30, 1997, allocations  
25 to the transferee school under IC 6-3.5.

26 **STEP THREE:** Determine the greater of:

27 (A) zero (0); or

28 (B) the result of subtracting the STEP TWO amount from the  
29 STEP ONE amount.

30 If a child is placed in an institution or facility in Indiana under a court  
31 order, the institution or facility shall charge the county office of the  
32 county of the student's legal settlement under IC 12-19-7 for the use of  
33 the space within the institution or facility (commonly called capital  
34 costs) that is used to provide educational services to the child based  
35 upon a prorated per student cost.

36 (c) Operating costs shall be determined for each class of school  
37 where a transfer student is enrolled. The operating cost for each class  
38 of school is based on the total expenditures of the transferee  
39 corporation for the class of school from its general fund expenditures  
40 as specified in the classified budget forms prescribed by the state board  
41 of accounts. This calculation excludes:

42 (1) capital outlay;



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- 1 (2) debt service;  
 2 (3) costs of transportation;  
 3 (4) salaries of board members;  
 4 (5) contracted service for legal expenses; and  
 5 (6) any expenditure which is made out of the general fund from  
 6 extracurricular account receipts;  
 7 for the school year.
- 8 (d) The capital cost of special equipment for a school year is equal  
 9 to:
- 10 (1) the cost of the special equipment; divided by  
 11 (2) the product of:  
 12 (A) the useful life of the special equipment, as determined  
 13 under the rules adopted by the Indiana state board of  
 14 education; multiplied by  
 15 (B) the number of students using the special equipment during  
 16 at least part of the school year.
- 17 (e) When an item of expense or cost described in subsection (c)  
 18 cannot be allocated to a class of school, it shall be prorated to all  
 19 classes of schools on the basis of the pupil enrollment of each class in  
 20 the transferee corporation compared to the total pupil enrollment in the  
 21 school corporation.
- 22 (f) Operating costs shall be allocated to a transfer student for each  
 23 school year by dividing:  
 24 (1) the transferee school corporation's operating costs for the class  
 25 of school in which the transfer student is enrolled; by  
 26 (2) the pupil enrollment of the class of school in which the  
 27 transfer student is enrolled.
- 28 When a transferred student is enrolled in a transferee corporation for  
 29 less than the full school year of pupil attendance, the transfer tuition  
 30 shall be calculated by the portion of the school year for which the  
 31 transferred student is enrolled. A school year of pupil attendance  
 32 consists of the number of days school is in session for pupil attendance.  
 33 A student, regardless of the student's attendance, is enrolled in a  
 34 transferee school unless the student is no longer entitled to be  
 35 transferred because of a change of residence, the student has been  
 36 excluded or expelled from school for the balance of the school year or  
 37 for an indefinite period, or the student has been confirmed to have  
 38 withdrawn from school. The transferor and the transferee corporation  
 39 may enter into written agreements concerning the amount of transfer  
 40 tuition due in any school year. Where an agreement cannot be reached,  
 41 the amount shall be determined by the Indiana state board of education,  
 42 and costs may be established, when in dispute, by the state board of

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1 accounts.

2 (g) A transferee school shall allocate revenues described in  
3 subsection (b) STEP TWO to a transfer student by dividing:

4 (1) the total amount of revenues received; by

5 (2) the ADM of the transferee school for the school year that ends  
6 in the calendar year in which the revenues are received.

7 However, for state distributions under IC 21-1-30, IC 21-3-10, or any  
8 other statute that computes the amount of a state distribution using less  
9 than the total ADM of the transferee school, the transferee school shall  
10 allocate the revenues to the transfer student by dividing the revenues  
11 that the transferee school is eligible to receive in a calendar year by the  
12 pupil count used to compute the state distribution.

13 (h) In lieu of the payments provided in subsection (b), the transferor  
14 corporation or state owing transfer tuition may enter into a long term  
15 contract with the transferee corporation governing the transfer of  
16 students. This contract is for a maximum period of five (5) years with  
17 an option to renew, and may specify a maximum number of pupils to  
18 be transferred and fix a method for determining the amount of transfer  
19 tuition and the time of payment, which may be different from that  
20 provided in section 9 of this chapter.

21 (i) If the school corporation can meet the requirements of  
22 IC 21-1-30-5, it may negotiate transfer tuition agreements with a  
23 neighboring school corporation that can accommodate additional  
24 students. Agreements under this section may be for one (1) year or  
25 longer and may fix a method for determining the amount of transfer  
26 tuition or time of payment that is different from the method, amount,  
27 or time of payment that is provided in this section or section 9 of this  
28 chapter. A school corporation may not transfer a student under this  
29 section without the prior approval of the child's parent or guardian.

30 (j) **This subsection applies only to property taxes first due and**  
31 **payable before January 1, 2000.** If a school corporation experiences  
32 a net financial impact with regard to transfer tuition that is negative for  
33 a particular school year as described in IC 6-1.1-19-5.1 (**repealed**  
34 **January 1, 2000**), the school corporation may appeal for an excessive  
35 **levy tax** as provided under IC 6-1.1-19-5.1 (**repealed January 1,**  
36 **2000**).

37 SECTION 50. IC 20-8.1-6.5-4 IS AMENDED TO READ AS  
38 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 4. (a) Where a transfer  
39 is ordered to commence in a school year, where the transferor  
40 corporation has net additional costs over savings (on account of any  
41 transfer ordered) allocable to the calendar year in which the school year  
42 begins, and where the transferee corporation has no budgeted funds for



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1 such net additional costs, they may be recovered by one (1) or more of  
 2 the following methods in addition to any other methods provided by  
 3 applicable law:

4 (1) An emergency loan made pursuant to IC 20-5-4-6 to be paid,  
 5 however, out of the debt service levy and fund, or a loan from any  
 6 state fund made available therefor.

7 (2) An advance in such calendar year of state funds, which would  
 8 otherwise become payable to the transferee corporation after such  
 9 calendar year pursuant to applicable law.

10 (3) A grant or grants in such calendar year from any funds of the  
 11 state made available therefor.

12 (b) The net additional costs shall be certified by the state board of  
 13 tax commissioners and any grant shall be made solely after affirmative  
 14 recommendation of the tax control board created by IC 6-1.1-19-4.1.  
 15 Repayment of any advance or loan from the state shall be made in  
 16 accordance with IC 6-1.1-19-4.5(d) **(repealed January 1, 2000)** and  
 17 **IC 6-1.1-19-4.4(c)**. The Use of any of the methods enumerated above  
 18 shall not subject the transferor corporation to the provisions of  
 19 IC 6-1.1-19-4.7 **(repealed January 1, 2000)**.

20 SECTION 51. IC 20-8.1-6.5-9 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. ~~Transportation Costs~~  
 22 ~~State Reimbursement~~: Transportation costs for transferred students  
 23 for each calendar year or for capital outlay and for operations shall be  
 24 reimbursed by the state to the transferor corporation in the same  
 25 percent of the total outlay which the distributions to the transferor  
 26 corporation under IC 1971, 21-3-1.5-3, or from the state flat grant  
 27 distribution account where it is credited to the general transportation  
 28 fund constitute of its total annual general transportation fund  
 29 appropriations for such year. In this calculation there shall be excluded  
 30 from general transportation fund appropriations capital outlay and  
 31 debt service. and any expenditure which is made out of the general  
 32 fund from extracurricular accounts. Any amount not thus reimbursed  
 33 and raised as part of the transferor corporation's general fund levy shall  
 34 constitute an increase in its base tax levy for such budget year, as  
 35 otherwise defined and as applied in IC 6-1.1-1-16. and IC 6-1.1-19. In  
 36 no event shall the state reimbursement for transportation operating  
 37 expense to the transferor corporation be less than it would receive  
 38 under applicable law without regard to this section.

39 SECTION 52. IC 20-8.1-7-18 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 18. (a) Whenever the  
 41 test required under section 17 of this chapter discloses that the hearing  
 42 of any child is impaired and the child cannot be taught advantageously



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1 in regular classes, the governing body of the school corporation shall  
 2 provide appropriate remedial measures and correctional devices. The  
 3 governing body shall advise the child's parents of the proper medical  
 4 care, attention, and treatment needed. The governing body shall  
 5 provide approved mechanical auditory devices and prescribe courses  
 6 in lip reading by qualified, competent and approved instructors. The  
 7 superintendent of public instruction and the head of the rehabilitative  
 8 services bureau of the division of disability, aging, and rehabilitative  
 9 services shall cooperate with school corporations to provide this  
 10 assistance; they shall also provide advice and information to assist  
 11 school corporations in complying with this section. The local governing  
 12 body may adopt rules and regulations for the administration of this  
 13 section.

14 (b) Each school corporation may receive and accept bequests and  
 15 donations for immediate use or as trusts or endowments to assist in  
 16 meeting costs and expenses incurred in complying with the  
 17 requirements of this section. When funds for the full payment of these  
 18 expenses are not otherwise available, in any school corporation, any  
 19 unexpended balance in the state treasury which is available for the use  
 20 of local schools and is otherwise unappropriated may be loaned to the  
 21 school corporation for that purpose by the governor. Any loan made by  
 22 the governor under this section shall be repaid to the fund in the state  
 23 treasury from which it came within two (2) years after the date it was  
 24 advanced. These loans shall be repaid **before January 1, 2000,**  
 25 **through the levying of taxes in the borrowing and, after December 31,**  
 26 **1999, from funds available to the** school corporation. **If the advance**  
 27 **is not repaid, the amount due may be withheld from the**  
 28 **distribution of other state funds to the school corporation to which**  
 29 **the advance is made.**

30 SECTION 53. IC 20-9.1-1-3 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. ~~Definition, "Private~~  
 32 ~~School"~~. As used in this article, the term "private school" means any  
 33 school ~~which is not supported and maintained by funds realized from~~  
 34 ~~the imposition of a tax on property, income or sales; that is not a~~  
 35 **school corporation (as defined in IC 36-1-2-17).**

36 SECTION 54. IC 20-10.1-6.5-1, AS AMENDED BY P.L.1-1994,  
 37 SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 JULY 1, 1998]: Sec. 1. As used in this chapter:

39 "Advancement fund" refers to the school technology advancement  
 40 account as created under section 4 of this chapter.

41 "Board" refers to the **Indiana** state board of education established  
 42 under IC 20-1-1-1.



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1 "School corporation" means any corporation authorized by law to  
 2 establish public schools and levy taxes for their maintenance: has the  
 3 meaning set forth in IC 36-1-2-17.

4 SECTION 55. IC 21-2-3.1-1 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. This chapter applies  
 6 if a township board finds, at an annual or special meeting of the board,  
 7 that:

8 (1) it is necessary to provide for the construction of a school  
 9 building; and

10 (2) the cost of the building, or the proportional cost if it is a joint  
 11 graded high school building, will be in excess of the sum  
 12 available from an annual levy: **amount of available funds.**

13 SECTION 56. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE  
 14 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 15 1, 1998]: **Sec. 7. A school corporation shall annually levy a sum  
 16 sufficient to meet all payments of principal and interest on debt  
 17 service payable from the debt service fund as the payments mature.**

18 SECTION 57. IC 21-2-5.6-3 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. Subject to the  
 20 approval of the commissioner of the department of insurance, the  
 21 governing body of the school corporation may:

22 (1) for eventual transfer to the self-insurance fund, include an  
 23 amount of money in:

24 (A) the general fund budget; and

25 (B) **for property taxes first due and payable before  
 26 January 1, 2000,** the general fund tax levy and rate;

27 (2) transfer monies from the general fund to the self-insurance  
 28 fund; or

29 (3) appropriate monies from the general fund for the  
 30 self-insurance fund.

31 SECTION 58. IC 21-2-11-2 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. The governing body  
 33 of each school corporation in the state of Indiana shall establish a  
 34 general fund for the operation and maintenance of local schools. ~~and~~  
 35 **The governing body shall levy a tax therefor in calendar years  
 36 before January 1, 2000. Except as otherwise provided by statute,**  
 37 all receipts and disbursements heretofore authorized by law for school  
 38 funds and tax levies for the tuition fund; special school fund; special  
 39 fund; vocational fund; recreation fund; compulsory education fund;  
 40 school library fund; high school library fund; public employee's  
 41 retirement fund; operating fund; transportation tax and county wide  
 42 school tax shall on and after January 1, 1968; be received in and



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1       disbursed from the general fund. **For property taxes first due and**  
 2       **payable before January 1, 2000, the** tax levy and rate for the general  
 3       fund shall be established by the governing body of each school  
 4       corporation. ~~for the 1968 calendar year and all succeeding calendar~~  
 5       ~~years. Any balances of all the aforesaid funds on January 1, 1968 shall~~  
 6       ~~be transferred to the general fund.~~

7       SECTION 59. IC 21-2-11-5 IS AMENDED TO READ AS  
 8       FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. Any self supporting  
 9       programs maintained by any school corporation, including but not  
 10      limited to school lunch and rental or sale of textbooks, may be  
 11      established as separate funds, separate and apart from the general fund,  
 12      if no **state distributions under IC 21-3-1.7** or local tax rate is  
 13      established therefor. **funds are involved.**

14      SECTION 60. IC 21-2-11-6 IS AMENDED TO READ AS  
 15      FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. Moneys received by  
 16      any school corporation for a specific purpose or purposes, by gift,  
 17      endowment or pursuant to any federal statute, may be accounted for by  
 18      establishing separate funds, separate and apart from the general fund,  
 19      if no **state distributions under IC 21-3-1.7** or local tax funds are  
 20      involved. ~~Provided, That~~ No such funds shall be accepted unless the  
 21      terms of the gift, endowment or payment, and the acceptance thereof,  
 22      are so stated that the officers of the school corporation are not divested  
 23      of any right or authority which they ~~now have or may hereafter be~~ **are**  
 24      granted by law. Such moneys so received for specific purposes, and any  
 25      earnings thereon, may be disbursed without appropriation.

26      SECTION 61. IC 21-2-11.5-5 IS ADDED TO THE INDIANA  
 27      CODE AS A NEW SECTION TO READ AS FOLLOWS  
 28      [EFFECTIVE JULY 1, 1998]: **Sec. 5. A school corporation shall**  
 29      **annually levy a sum sufficient to meet all payments of principal**  
 30      **and interest on obligations payable from the transportation fund**  
 31      **as the payments mature.**

32      SECTION 62. IC 21-2-15-15 IS ADDED TO THE INDIANA  
 33      CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34      [EFFECTIVE JULY 1, 1998]: **Sec. 15. A school corporation shall**  
 35      **annually levy a sum sufficient to meet all payments of principal**  
 36      **and interest on obligations payable from the capital projects fund**  
 37      **as the payments mature.**

38      SECTION 63. IC 21-4-20-1 IS AMENDED TO READ AS  
 39      FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. Whenever it is found  
 40      by the board of school trustees or other proper authorities of any school  
 41      city or school town that an emergency exists for the borrowing of  
 42      money with which to meet the current expenses of the schools of such



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1 school town or school city, the board of school trustees or other proper  
 2 authorities of such school city or school town may make temporary  
 3 loans in anticipation of the current revenues of such school town or  
 4 school city to an amount not exceeding fifty percent (50%) of the  
 5 ~~amount of taxes actually levied and revenue~~ in the course of collection  
 6 for the fiscal year in which such loans are made. Revenues shall be  
 7 deemed to be current and taxes shall be deemed to have been actually  
 8 levied and in the course of collection when the budget levy and rate  
 9 shall have been finally approved by the state board of tax  
 10 commissioners. ~~Provided, However, That~~ in all second and third class  
 11 school cities, no such loans shall be borrowed in excess of the sum of  
 12 twenty thousand dollars (\$20,000) until the letting of the same shall  
 13 have been advertised once each week for two (2) successive weeks in  
 14 two (2) newspapers of general circulation published in such school city,  
 15 and until sealed bids have been submitted at a regular meeting of the  
 16 school board of such school city, pursuant to such notices, stipulating  
 17 the rate of interest to be charged by such bidder. ~~and Provided, further,~~  
 18 ~~That~~ Such school loans shall be made with the bidder submitting the  
 19 lowest rate of interest and submitting with his bid an affidavit showing  
 20 that no collusion exists between himself and any other bidder for such  
 21 loan.

22 SECTION 64. IC 32-9-1.5-16, AS ADDED BY P.L.31-1995,  
 23 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 1998]: Sec. 16. For purposes of section 49 of this chapter,  
 25 "political subdivision" includes any Indiana municipality, county, civil  
 26 township, civil incorporated city or town, ~~public~~ school corporation (**as**  
 27 **defined in IC 36-1-2-17**), university or college supported in part by  
 28 state funds, or any other territorial subdivision of the state recognized  
 29 or designated in any law, including judicial circuits, a public utility  
 30 entity not privately owned, special taxing district or entity, and public  
 31 improvement district authority or entity authorized to levy taxes or  
 32 assessments. The term does not include any retirement system  
 33 supported entirely or in part by the state.

34 SECTION 65. IC 36-1-2-2 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. "Bonds" means any  
 36 evidences of indebtedness, whether payable from property taxes,  
 37 revenues, or any other source. ~~but~~ **However, the term** does not include  
 38 notes or warrants representing temporary loans that are payable out of:

39 (1) taxes levied and in the course of collection; **or**

40 (2) **other deposits in the general fund of a school corporation.**

41 SECTION 66. IC 36-7-15.1-26.9 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 26.9. (a) The



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1 definitions set forth in section 26.5 of this chapter apply to this section.

2 (b) The fiscal officer of the consolidated city shall publish in the  
3 newspaper in the county with the largest circulation all determinations  
4 made under section 26.5 or 26.7 of this chapter that result in the  
5 allowance or disallowance of credits. The publication of a  
6 determination made under section 26.5 of this chapter shall be made  
7 not later than June 20 of the year in which the determination is made.  
8 The publication of a determination made under section 26.7 of this  
9 chapter shall be made not later than December 5 of the year in which  
10 the determination is made.

11 (c) If credits are granted under section 26.5(g) or 26.5(h) of this  
12 chapter, whether in whole or in part, property taxes on personal  
13 property (as defined in IC 6-1.1-1-11) that are equal to the aggregate  
14 amounts of the credits for all taxpayers in the allocation area under  
15 section 26.5(g) and 26.5(h) of this chapter shall be:

- 16 (1) allocated to the redevelopment district;  
17 (2) paid into the special fund for that allocation area; and  
18 (3) used for the purposes specified in section 26 of this chapter.

19 (d) The county auditor shall adjust the estimate of assessed  
20 valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing  
21 units in which the allocation area is located. The county auditor may  
22 amend this adjustment at any time before the earliest date a taxing unit  
23 must publish the unit's proposed property tax rate under IC 6-1.1-17-3  
24 in the year preceding the year in which the credits under section  
25 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to  
26 the assessed valuation shall be:

- 27 (1) calculated to produce an estimated assessed valuation that will  
28 offset the effect that paying personal property taxes into the  
29 allocation area special fund under subsection (c) would otherwise  
30 have on the ability of a taxing unit to achieve the taxing unit's tax  
31 levy in the following year; and  
32 (2) used by the county board of tax adjustment, the state board of  
33 tax commissioners, and each taxing unit in determining each  
34 taxing unit's tax rate and tax levy in the following year.

35 (e) The amount by which a taxing unit's levy is adjusted as a result  
36 of the county auditor's adjustment of assessed valuation under  
37 subsection (d), and the amount of the levy that is used to make direct  
38 payments to taxpayers under section 26.5(h) of this chapter, is not part  
39 of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to  
40 IC 6-1.1-20.

41 (f) The ad valorem property tax levy limits imposed by  
42 IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1, 2000**) do

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1 not apply to ad valorem property taxes imposed that are used to offset  
 2 the effect of paying personal property taxes into an allocation area  
 3 special fund during the taxable year under subsection (d) or to make  
 4 direct payments to taxpayers under section 26.5(h) of this chapter. For  
 5 purposes of computing the ad valorem property tax levy limits imposed  
 6 under IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1,**  
 7 **2000**), a taxing unit's ad valorem property tax levy for a particular  
 8 calendar year does not include that part of the levy imposed to offset  
 9 the effect of paying personal property taxes into an allocation area  
 10 special fund under subsection (d) or to make direct payments to  
 11 taxpayers under section 26.5(h) of this chapter.

12 (g) Property taxes on personal property that are deposited in the  
 13 allocation area special fund:

14 (1) are subject to any pledge of allocated property tax proceeds  
 15 made by the redevelopment district under section 26(d) of this  
 16 chapter, including but not limited to any pledge made to owners  
 17 of outstanding bonds of the redevelopment district of allocated  
 18 taxes from that area; and

19 (2) may not be treated as property taxes used to pay interest or  
 20 principal due on debt under IC 6-1.1-21-2(g)(1)(D).

21 SECTION 67. THE FOLLOWING ARE REPEALED [EFFECTIVE  
 22 JANUARY 1, 2000]: IC 6-1.1-19-1; IC 6-1.1-19-1.5; IC 6-1.1-19-1.7;  
 23 IC 6-1.1-19-2; IC 6-1.1-19-4.5; IC 6-1.1-19-4.7; IC 6-1.1-19-4.9;  
 24 IC 6-1.1-19-5.1; IC 6-1.1-19-6; IC 6-1.1-19-11; IC 6-1.1-21.5;  
 25 IC 6-1.1-34; IC 20-3-11-18; IC 20-4-1-26.9; IC 20-4-8-23;  
 26 IC 21-2-11-8; IC 21-2-12; IC 21-2-13; IC 21-2-14.

27 SECTION 68. [EFFECTIVE JULY 1, 1998] (a) **As used in this**  
 28 **SECTION, "balance" means the unencumbered balance in a**  
 29 **school corporation's levy excess fund on January 1, 2000.**

30 (b) **The state board of tax commissioners may require a school**  
 31 **corporation to include the balance in a school corporation's levy**  
 32 **excess fund in the school corporation's budget fixed under**  
 33 **IC 6-1.1-17.**

34 (c) **Except as provided in subsection (d), a school corporation**  
 35 **may not spend money in its levy excess fund until the expenditure**  
 36 **of the money is included in a budget that is approved by the state**  
 37 **board of tax commissioners under IC 6-1.1-17.**

38 (d) **A school corporation may transfer money from its levy**  
 39 **excess fund to its other funds to reimburse those funds for amounts**  
 40 **withheld from the school corporation as a result of refunds paid**  
 41 **under IC 6-1.1-26.**

42 (e) **A school corporation may use money in its levy excess fund**



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1     **for a lawful purpose for which money in its other funds may be**  
2     **used.**

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SENATE MOTION

Mr. President: I move that Senator Waterman be added as coauthor of Senate Bill 352.

KENLEY

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SENATE MOTION

Mr. President: I move that Senator Ford be added as second author and Senators Meeks, Weatherwax and Clark be added as coauthors of Senate Bill 352.

KENLEY

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SENATE MOTION

Mr. President: I move that Senator Nugent be added as coauthor of Senate Bill 352.

KENLEY

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SENATE MOTION

Mr. President: I move that Senator Dempsey be added as coauthor of Senate Bill 352.

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill 352, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 12, line 11, after "1999," insert "**to a fund other than the general fund,**".

Page 13, reset in bold lines 25 through 27.

Page 13, line 28, reset in bold "corporation for".

Page 13, line 28, reset in bold "ensuing calendar year".

Page 16, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-19-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: **Sec. 12. (a) As used in this section, "revenues" means excise tax distributions under IC 6-6-5 and any other allocation of state tax collections or distributions that, by statute:**

- (1) are distributed to school corporations; and**
- (2) are based on the property tax levies imposed by the taxing units in a county.**

**The term does not include homestead credits or property tax replacement credits.**

**(b) A school corporation is entitled to receive for the school corporation's general fund a proportion of the revenues that are distributed within the county. The amount that the school corporation is entitled to receive during that calendar year equals the amount determined under STEP FIVE of the following formula:**

**STEP ONE: Determine the amount of revenue that is available for distribution in the county in that calendar year.**

**STEP TWO: Determine the school general fund budget for that calendar year.**

**STEP THREE: Determine the sum of:**

**(A) the property tax levies imposed by all taxing units in the county; and**

**(B) the school general fund budgets for all school corporations in the county;**

**for that calendar year.**

**STEP FOUR: Determine the result of the STEP TWO amount divided by the STEP THREE sum.**

**STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR result.**



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**(c) The amount of revenues distributed to:**

**(1) taxing units other than a school corporation; and**

**(2) funds of a school corporation for which a property tax levy is imposed;**

**shall be changed for that same year by reducing the amount of revenue distributed by the amount of revenue allocated under this section for that same calendar year. The state board of tax commissioners shall make any adjustments required by this section and provide them to the appropriate county auditors.**

**(d) A school corporation shall be treated as a taxing unit for purposes of a distribution of financial institutions tax revenues under IC 6-5.5-8-2."**

Page 40, line 7, delete "IC 6-1.1-18-1.9" and insert "IC 6-1.1-19-1.9".

Page 59, line 22, delete "IC 6-3-7-2.5";.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to Senate Bill 352 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 10, Nays 5.

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