

January 30, 1998

SENATE BILL No. 428

DIGEST OF SB0428 (Updated January 28, 1998 5:41 pm - DI 71)

Citations Affected: IC 20-5-62-6; IC 20-10.1; IC 21-2-11; IC 21-2-15.

Synopsis: School corporation capital projects fund. Provides that school corporation capital projects funds must be divided into two separate accounts (a general account and a technology account) for calendar years beginning after December 31, 1999. Provides that any savings realized by a school corporation as a result of federal legislation calling for universal service discounts must be used for technology purposes. Provides that money appropriated from a school corporation general fund for technology purposes, plus grants, donations, and other funds received for technology purposes, must be transferred to the capital projects fund to be credited to the technology account.

Effective: July 1, 1998; January 1, 1999; January 1, 2000.

Johnson

January 13, 1998, read first time and referred to Committee on Education.
January 29, 1998, reported favorably — Do Pass.

SB 428—LS 7229/DI 44



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January 30, 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. 428

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

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

- 1 SECTION 1. IC 20-5-62-6, AS AMENDED BY P.L.34-1996,
2 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2000]: Sec. 6. Except as provided in this chapter and
4 notwithstanding any other law, a freeway school corporation or a
5 freeway school may do the following during the contract period:
6 (1) Disregard the observance of any statute or rule that is listed in
7 the contract.
8 (2) Lease school transportation equipment to others for nonschool
9 use when the equipment is not in use for a school corporation
10 purpose, if the lessee has not received a bid from a private entity
11 to provide transportation equipment or services for the same
12 purpose.
13 (3) Replace the budget and accounting system that is required by
14 law with a budget or accounting system that is frequently used in
15 the private business community. The state board of accounts may
16 not go beyond the requirements imposed upon the state board of
17 accounts by statute in reviewing the budget and accounting

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1 system used by a freeway school corporation or a freeway school.
 2 (4) Establish a professional development and technology fund to
 3 be used for:

4 (A) professional development; or

5 (B) technology, including video distance learning.

6 **However, if the school corporation has established a capital**
 7 **projects fund, any money deposited in the professional**
 8 **development and technology fund for technology purposes**
 9 **must be transferred to the capital projects fund and credited**
 10 **to the technology account.**

11 (5) **Subject to subdivision (4)**, transfer funds obtained from
 12 sources other than state or local government taxation among any
 13 accounts of the school corporation, including a professional
 14 development and technology fund established under subdivision
 15 (4).

16 (6) Transfer funds obtained from property taxation and from state
 17 distributions among the general fund (established under
 18 IC 21-2-11) and the school transportation fund (established under
 19 IC 21-2-11.5), subject to the following:

20 (A) The sum of the property tax rates for the general fund and
 21 the school transportation fund after a transfer occurs under this
 22 subdivision may not exceed the sum of the property tax rates
 23 for the general fund and the school transportation fund before
 24 a transfer occurs under this subdivision.

25 (B) This subdivision does not allow a school corporation to
 26 transfer to any other fund money from the:

27 (i) capital projects fund (established under IC 21-2-15); or

28 (ii) debt service fund (established under IC 21-2-4).

29 (7) Establish a locally adopted assessment program to replace the
 30 assessment of students under the ISTEP program established
 31 under IC 20-10.1-16-8, subject to the following:

32 (A) A locally adopted assessment program must be established
 33 by the governing body and approved by the department.

34 (B) A locally adopted assessment program may use a locally
 35 developed test or a nationally developed test.

36 (C) Results of assessments under a locally adopted assessment
 37 program are subject to the same reporting requirements as
 38 results under the ISTEP program.

39 (D) Each student who completes a locally adopted assessment
 40 program and the student's parent or guardian has the same
 41 rights to inspection and rescoring as are set forth in
 42 IC 20-10.1-16-7(d).



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1 SECTION 2. IC 20-10.1-5.6-3 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. Expenditure for
 3 equipment necessary to implement this chapter by a school corporation
 4 may be paid for:

- 5 (1) through technology loans from the common school fund; or
- 6 (2) from the **technology account of the** school corporation's
 7 capital projects fund.

8 SECTION 3. IC 20-10.1-25-1.2 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.2. (a)
 10 Notwithstanding any other law and beginning July 1, 1993, a school
 11 corporation is not entitled to:

- 12 (1) receive any money under this chapter or IC 20-10.1-25.1;
- 13 (2) use money from the **technology account of the** school
 14 corporation's capital projects fund for educational technology
 15 equipment under IC 21-2-15-4; or
- 16 (3) receive an advance from the common school fund for an
 17 educational technology program under IC 21-1-5;

18 unless the school corporation develops a ~~five (5)~~ **three (3)** year
 19 technology plan.

20 (b) Each technology plan must include at least the following
 21 information:

- 22 (1) A description of the school corporation's intent to integrate
 23 technology into the school corporation's curriculum.
- 24 (2) A plan for providing inservice training.
- 25 (3) A schedule for maintaining and replacing educational
 26 technology equipment.
- 27 (4) A description of the criteria used to select the appropriate
 28 educational technology equipment for the appropriate use.
- 29 (5) Other information requested by the department after
 30 consulting with the budget agency.

31 (c) The department shall develop guidelines concerning the
 32 development of technology plans. The guidelines developed under this
 33 subsection are subject to the approval of the governor.

34 SECTION 4. IC 20-10.1-25-5 IS ADDED TO THE INDIANA
 35 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
 36 [EFFECTIVE JANUARY 1, 2000]: **Sec. 5. If a school corporation**
 37 **that receives a grant under this chapter has established a capital**
 38 **projects fund, the grant must be deposited in the capital projects**
 39 **fund and credited to the technology account.**

40 SECTION 5. IC 20-10.1-25.3-14, AS ADDED BY P.L.340-1995,
 41 SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JANUARY 1, 2000]: Sec. 14. (a) This section applies in a year when

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1 a school corporation receives a grant under this chapter. The school
 2 corporation's **budget for expenditures from the technology account**
 3 **of the** capital projects fund ~~budget must include an expenditure for~~
 4 ~~technology that is~~ **that are to be funded from the tax levied under**
 5 **IC 21-2-15-11** may not be less than the school corporation's average
 6 annual expenditure for technology **funded** from the ~~capital projects~~
 7 ~~fund~~ **tax levied under IC 21-2-15-11** in the six (6) budget years
 8 preceding the year of the grant.

9 (b) For each year that a school corporation fails to observe
 10 subsection (a), the school corporation forfeits a grant under this
 11 chapter. The forfeit of the grant shall occur in the first grant year after
 12 the school corporation fails to observe subsection (a).

13 SECTION 6. IC 20-10.1-25.3-16 IS ADDED TO THE INDIANA
 14 CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JANUARY 1, 2000]: **Sec. 16. If a school corporation**
 15 **that receives a grant under this chapter has established a capital**
 16 **projects fund, the grant must be deposited in the capital projects**
 17 **fund and credited to the technology account.**

18 SECTION 7. IC 21-2-11-6 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. (a) Moneys
 20 received by any school corporation for a specific purpose or purposes,
 21 by gift, endowment or pursuant to any federal statute, may be
 22 accounted for by establishing separate funds, separate and apart from
 23 the general fund, if no local tax funds are involved: Provided, That no
 24 such funds shall be accepted unless the terms of the gift, endowment
 25 or payment, and the acceptance thereof, are so stated that the officers
 26 of the school corporation are not divested of any right or authority
 27 which they now have or may hereafter be granted by law. Such moneys
 28 so received for specific purposes, and any earnings thereon, may be
 29 disbursed without appropriation.
 30

31 (b) **Except as otherwise provided by federal law, if a school**
 32 **corporation has established a capital projects fund, all money**
 33 **received by the school corporation by grant, gift, endowment, or**
 34 **pursuant to federal law for any of the purposes described in**
 35 **IC 21-2-15-4(d) shall be deposited in the capital projects fund and**
 36 **credited to the technology account.**

37 SECTION 8. IC 21-2-11-6.5 IS ADDED TO THE INDIANA CODE
 38 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE
 39 JANUARY 1, 2000]: **Sec. 6.5. (a) This section applies to a school**
 40 **corporation that has established a capital projects fund.**

41 (b) **All money appropriated from the general fund for any of the**
 42 **purposes described in IC 21-2-15-4(d) shall be transferred from the**

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1 **general fund to the capital projects fund and credited to the**
 2 **technology account.**

3 **(c) Any money saved by a school corporation as a result of**
 4 **universal service discounts provided to the school corporation**
 5 **under the federal Telecommunications Act of 1996 must be**
 6 **retained in or transferred to the capital projects fund and credited**
 7 **to the technology account.**

8 SECTION 9. IC 21-2-15-4, AS AMENDED BY P.L.25-1995,
 9 SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JANUARY 1, 1999]: Sec. 4. (a) A school corporation may establish a
 11 capital projects fund. **If the fund is established, two separate**
 12 **accounts shall be established within the fund for calendar years**
 13 **beginning after December 31, 1999. One (1) account shall be called**
 14 **the general account and the second account shall be called the**
 15 **technology account.**

16 (b) With respect to any facility used or to be used by the school
 17 corporation (other than a facility used or to be used primarily for
 18 interscholastic or extracurricular activities), the fund may be used to
 19 pay for the following:

- 20 (1) Planned construction, repair, replacement, or remodeling.
- 21 (2) Site acquisition.
- 22 (3) Site development.
- 23 (4) Repair, replacement, or site acquisition that is necessitated by
 24 an emergency.

25 **However, expenditures from the fund after December 31, 1999, for**
 26 **the purposes described in this subsection may be made only from**
 27 **the general account.**

28 (c) The fund may be used to pay for the purchase, lease, repair, or
 29 maintenance of equipment to be used by the school corporation (other
 30 than vehicles to be used for any purpose and equipment to be used
 31 primarily for interscholastic or extracurricular activities). **However,**
 32 **expenditures from the fund after December 31, 1999, for the**
 33 **purposes described in this subsection may be made only from the**
 34 **general account.**

35 (d) **Except as provided by subsection (i),** the fund may be used for
 36 any of the following purposes:

- 37 (1) To purchase, lease, upgrade, maintain, ~~or~~ repair, **and pay the**
 38 **recurring costs of operating one (1) or more of the following:**
 - 39 (A) Computer hardware.
 - 40 (B) Computer software. ~~or computer hardware and software.~~
 - 41 (C) **Wiring and computer networks.**
 - 42 (D) **Telephone access systems used to connect with**



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- 1 **computer networks or electronic gateways.**
 2 (2) To pay for the services of full-time or part-time computer
 3 maintenance employees.
 4 (3) To conduct nonrecurring inservice technology training of
 5 school employees.
 6 (4) To fund the payment of advances, together with interest on the
 7 advances, from the common school fund for educational
 8 technology programs under IC 21-1-5.
 9 (5) To fund the acquisition of any equipment or services
 10 necessary:
 11 (A) to implement the technology preparation curriculum under
 12 IC 20-10.1-5.6;
 13 (B) to participate in a program to provide educational
 14 technologies, including computers, in the homes of students
 15 (commonly referred to as "the buddy system project") under
 16 IC 20-10.1-25, the 4R's technology program under
 17 IC 20-10.1-25, or any other program under the educational
 18 technology program described in IC 20-10.1-25; ~~or~~
 19 **(C) to carry out any other purpose for which a technology**
 20 **plan grant under IC 20-10.1-25.3 may be expended; or**
 21 ~~(D)~~ **(D) to obtain any combination of equipment or services**
 22 described in clauses (A) ~~and (B)~~ **through (C).**
 23 **However, expenditures from the fund after December 31, 1999, for**
 24 **the purposes described in this subsection may be made only from**
 25 **the technology account.**
 26 (e) The fund may be used to purchase:
 27 (1) building sites;
 28 (2) buildings in need of renovation;
 29 (3) building materials; and
 30 (4) equipment;
 31 for the use of vocational building trades classes to construct new
 32 buildings and to remodel existing buildings. **However, expenditures**
 33 **from the fund after December 31, 1999, for the purposes described**
 34 **in this subsection may be made only from the general account.**
 35 (f) The fund may be used for leasing or renting of existing real
 36 estate, excluding payments authorized under IC 21-5-11 and
 37 IC 21-5-12. **However, expenditures from the fund after December**
 38 **31, 1999, for the purposes described in this subsection may be**
 39 **made only from the general account.**
 40 (g) The fund may be used to pay for services of the school
 41 corporation employees that are bricklayers, stone masons, cement
 42 masons, tile setters, glaziers, insulation workers, asbestos removers,



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1 painters, paperhangers, drywall applicators and tapers, plasterers, pipe
 2 fitters, roofers, structural and steel workers, metal building assemblers,
 3 heating and air conditioning installers, welders, carpenters, electricians,
 4 or plumbers, as these occupations are defined in the United States
 5 Department of Labor, Employment and Training Administration,
 6 Dictionary of Occupational Titles, Fourth Edition, Revised 1991, if:

7 (1) the employees perform construction of, renovation of,
 8 remodeling of, repair of, or maintenance on the facilities and
 9 equipment specified in subsections (b) and (c);

10 (2) the school corporation's total annual salary and benefits paid
 11 by the school corporation to employees described in this
 12 subsection are at least six hundred thousand dollars (\$600,000);
 13 and

14 (3) the payment of the employees described in this subsection is
 15 included as part of the proposed capital projects fund plan
 16 described in section 5(a) of this chapter.

17 However, the number of employees that are covered by this subsection
 18 is limited to the number of employee positions described in this
 19 subsection that existed on January 1, 1993. For purposes of this
 20 subsection, maintenance does not include janitorial or comparable
 21 routine services normally provided in the daily operation of the
 22 facilities or equipment. **Expenditures from the fund after December**
 23 **31, 1999, for the purposes described in this subsection may be**
 24 **made only from the general account.**

25 (h) The fund may be used to pay for energy saving contracts entered
 26 into by a school corporation under IC 36-1-12.5. **However,**
 27 **expenditures from the fund after December 31, 1999, for the**
 28 **purposes described in this subsection may be made only from the**
 29 **general account.**

30 (i) **After December 31, 1999, money in the technology account**
 31 **may not be used to purchase software programs to be used**
 32 **exclusively for administrative purposes, such as payroll and**
 33 **attendance records, personnel records, administration of insurance**
 34 **or pensions, or any other similar purpose. However, if a particular**
 35 **software program is to be used for administrative purposes and for**
 36 **other purposes described in subsection (d), a portion of the cost of**
 37 **the software program may be paid from the technology account.**
 38 **The portion of the cost that may be paid from the technology**
 39 **account is the total cost of the software program multiplied by the**
 40 **estimated percentage of use of the software program for**
 41 **nonadministrative purposes.**

42 SECTION 10. IC 21-2-15-5, AS AMENDED BY P.L.6-1997,



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1 SECTION 192 (DELAYED VERSION), IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 5. (a) Before a
 3 governing body may collect property taxes for a capital projects fund
 4 in a particular year, the governing body must, after January 1 and not
 5 later than September 20 of the immediately preceding year for all years
 6 before 1999 and not later than January 31 for 1999 and all subsequent
 7 years hold a public hearing on a proposed plan and then pass a
 8 resolution to adopt a plan.

9 (b) The state board of tax commissioners shall prescribe the format
 10 of the plan. A plan must apply to at least the three (3) years
 11 immediately following the year the plan is adopted. A plan must
 12 estimate for each year to which it applies the nature and amount of
 13 proposed expenditures from the capital projects fund **and, for calendar**
 14 **years beginning after December 31, 1999, the nature and amount**
 15 **of proposed expenditures from the general account and the**
 16 **technology account of the capital projects fund.** A plan must
 17 estimate:

18 (1) the source of all revenue to be dedicated to the proposed
 19 expenditures in the upcoming calendar year; and

20 (2) the amount of property taxes to be collected in that year and
 21 retained in the fund for expenditures proposed for a later year.

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

25 SECTION 11. IC 21-2-15-8 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 8. After a hearing
 27 upon the petition under section 7 of this chapter, the state board of tax
 28 commissioners shall certify its approval, disapproval, or modification
 29 of the plan to the governing body and the auditor of the county.
 30 **However, unless the school corporation agrees to such an**
 31 **adjustment, the state board of tax commissioners may not adjust**
 32 **the amount of property taxes proposed to be levied in a particular**
 33 **year for purposes of the technology account unless the state board**
 34 **of tax commissioners determines that the amount of property taxes**
 35 **proposed to be levied for technology projects in that year, plus the**
 36 **amount of money that will be available from the technology**
 37 **account for those projects from other sources in that year, is not**
 38 **equal to the total cost of those projects as set forth in the plan for**
 39 **that year.** The state board of tax commissioners may seek the
 40 recommendation of the school property tax control board with respect
 41 to ~~this determination~~ **the approval, disapproval, or modification of**
 42 **the plan.** The action of the state board of tax commissioners with



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1 respect to the plan is final.

2 SECTION 12. IC 21-2-15-12 IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 12. Interest on the
 4 capital projects fund, including the fund's pro rata share of interest
 5 earned on the investment of total money on deposit, shall be deposited
 6 in the fund **and credited to the general account and technology**
 7 **account in proportion to the average balance of each account**
 8 **during the period that the interest was earned.** However, the
 9 governing body may adopt a resolution to transfer any interest earned
 10 on money on deposit in the capital projects fund to the school
 11 corporation's general fund.

12 SECTION 13. [EFFECTIVE JULY 1, 1998] **Notwithstanding**
 13 **IC 20-10.1-25-1.2, as amended by this act, a technology plan**
 14 **established before January 1, 1999, remains in effect for a period**
 15 **of five (5) years. A technology plan established under**
 16 **IC 20-10.1-25-1.2, as amended by this act, after December 31, 1998,**
 17 **remains in effect for a period of three (3) years.**

18 SECTION 14. [EFFECTIVE JULY 1, 1998] **This act applies to:**

- 19 (1) **plans for capital projects funds adopted by school**
 20 **corporations under IC 21-2-15, as amended by this act, after**
 21 **December 31, 1998; and**
 22 (2) **property taxes first due and payable after December 31,**
 23 **1999.**

24 **A capital projects fund operated by a school corporation under a**
 25 **plan adopted before January 1, 1999, is not required to be divided**
 26 **between a general account and a technology account during 1998**
 27 **or 1999. However, all capital projects funds must be divided**
 28 **between a general account and a technology account for calendar**
 29 **years beginning after December 31, 1999.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Education, to which was referred Senate Bill 428, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 428 as introduced.)

WEATHERWAX, Chairperson

Committee Vote: Yeas 7, Nays 0.

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