

# COMMITTEE REPORT

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**MR. PRESIDENT:**

**The Senate Committee on Finance, to which was referred House Bill No. 1001, 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:**

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation.
- 4 Page 1, delete lines 1 through 16, begin a new paragraph and
- 5 insert:
- 6 "SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS
- 7 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. Any qualified entity
- 8 receiving a loan under this chapter may levy an annual tax on personal
- 9 and real property located within its geographical limits for industrial
- 10 development purposes, in addition to any other tax authorized by
- 11 statute to be levied for such purposes, at such rate as will produce
- 12 sufficient revenue to pay the annual installment and interest on any
- 13 loan made under this chapter. Such a tax may be in addition to the
- 14 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,
- 15 ~~IC 6-1.1-19~~, and other statutes.
- 16 SECTION 2. IC 6-1.1-1-8.3 IS ADDED TO THE INDIANA
- 17 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 18 [EFFECTIVE JANUARY 1, 2000]: **Sec. 8.3. For purposes of**

1 **IC 6-1.1-19, "general fund" means the fund that the governing**  
 2 **body of a school corporation is required to establish by**  
 3 **IC 21-2-11-2.**

4 SECTION 3. IC 6-1.1-1-16.5 IS ADDED TO THE INDIANA  
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 6 [EFFECTIVE JANUARY 1, 2000]: **Sec. 16.5. For purposes of**  
 7 **IC 6-1.1-19, "school year" means the period from July 1 of each**  
 8 **year until June 30 of the following year.**

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

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

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

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

- 29 (1) the estimated budget;  
 30 (2) the estimated maximum permissible levy;  
 31 (3) the current and proposed tax levies of each fund; ~~and~~  
 32 (4) the amounts of excessive levy appeals to be requested; **and**  
 33 **(5) after December 31, 1998, the current and proposed**  
 34 **amount of revenue to be distributed by the state during the**  
 35 **budget year to the general fund of a school corporation.**

36 In the notice, the political subdivision shall also state the time and  
 37 place at which a public hearing will be held on these items. The notice  
 38 shall be published twice in accordance with IC 5-3-1 with the first

1 publication at least ten (10) days before the date fixed for the public  
2 hearing.

3 (b) The trustee of each township of the county shall:

4 (1) estimate the amount necessary to meet the cost of poor relief  
5 in the township for the ensuing calendar year; and

6 (2) publish with the township budget a tax rate sufficient to meet  
7 the estimated cost of poor relief.

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

10 (c) The board of directors of a solid waste management district  
11 established under IC 13-21 or IC 13-9.5-2 (before its repeal) may  
12 conduct the public hearing required under subsection (a):

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

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

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

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

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

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

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

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

35 ~~(2)~~ **(3)** two (2) copies of the budget adopted by the school  
36 corporation for the ensuing budget year; and

37 ~~(3)~~ **(4)** any written notification from the state board of tax  
38 commissioners under section 16(i) of this chapter that specifies

1 a proposed revision, reduction, or increase in the budget adopted  
2 by the school corporation for the ensuing budget year.

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

5 (e) In a consolidated city, a county containing a consolidated city,  
6 and a second class city, the clerk of the fiscal body shall,  
7 notwithstanding subsection (d), file the adopted budget and tax  
8 ordinances with the county board of tax adjustment not later than two  
9 (2) days after the ordinances are signed by the executive or not later  
10 than two (2) days after action is taken by the fiscal body to override a  
11 veto of the ordinances, whichever is later.

12 SECTION 8. IC 6-1.1-17-8 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) If the county  
14 board of tax adjustment determines that the maximum aggregate tax  
15 rate permitted within a political subdivision under IC ~~1971~~, 6-1.1-18  
16 is inadequate, the county board shall, subject to the limitations  
17 prescribed in IC ~~1971~~, 6-1.1-19-2 (**repealed January 1, 2000**), file its  
18 written recommendations in duplicate with the county auditor. The  
19 board shall include with its recommendations:

- 20 (1) an analysis of the aggregate tax rate within the political  
21 subdivision;  
22 (2) a recommended breakdown of the aggregate tax rate among  
23 the political subdivisions whose tax rates compose the aggregate  
24 tax rate within the political subdivision; and  
25 (3) any other information which the county board considers  
26 relevant to the matter.

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

33 SECTION 9. IC 6-1.1-17-10 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 10. (a) When the  
35 aggregate tax rate within a political subdivision, as approved or  
36 modified by the county board of tax adjustment, exceeds the maximum  
37 aggregate tax rate prescribed in IC 1971, 6-1.1-18-3(a), the county  
38 auditor shall certify the budgets, tax rates, and tax levies of the political

1 subdivisions whose tax rates compose the aggregate tax rate within the  
 2 political subdivision, as approved or modified by the county board, to  
 3 the state board of tax commissioners for final review. For purposes of  
 4 this section, the maximum aggregate tax rate limit exceptions provided  
 5 in IC ~~1971~~, 6-1.1-18-3(b) do not apply.

6 **(b) The county auditor shall certify the general fund budgets**  
 7 **of each school corporation, as modified by the county board of tax**  
 8 **adjustment, to the state board of tax commissioners for final**  
 9 **review.**

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

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

27 (b) Subject to the limitations and requirements prescribed in this  
 28 section, the state board of tax commissioners may review, revise,  
 29 reduce, or increase the budget, tax rate, or tax levy of any of the  
 30 political subdivisions whose tax rates compose the aggregate tax rate  
 31 within a political subdivision whose budget, tax rate, or tax levy is the  
 32 subject of an appeal initiated under this chapter.

33 (c) Except as provided in subsection (i), before the state board of  
 34 tax commissioners reviews, revises, reduces, or increases a political  
 35 subdivision's budget, tax rate, or tax levy under this section, the board  
 36 must hold a public hearing on the budget, tax rate, and tax levy. The  
 37 board shall hold the hearing in the county in which the political  
 38 subdivision is located. The board may consider the budgets, tax rates,

1 and tax levies of several political subdivisions at the same public  
 2 hearing. At least five (5) days before the date fixed for a public hearing,  
 3 the board shall give notice of the time and place of the hearing and of  
 4 the budgets, levies, and tax rates to be considered at the hearing. The  
 5 board shall publish the notice in two (2) newspapers of general  
 6 circulation published in the county. However, if only one (1)  
 7 newspaper of general circulation is published in the county, the board  
 8 shall publish the notice in that newspaper.

9 (d) Except as provided in:

10 (1) subsection (h);

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

13 (3) IC 6-1.1-18.5;

14 the state board of tax commissioners may not increase a political  
 15 subdivision's budget, tax rate, or tax levy to an amount which exceeds  
 16 the amount originally fixed by the political subdivision. The state board  
 17 of tax commissioners shall give the political subdivision written  
 18 notification specifying any revision, reduction, or increase the state  
 19 board of tax commissioners proposes in a political subdivision's tax  
 20 levy or tax rate. The political subdivision has one (1) week from the  
 21 date the political subdivision receives the notice to provide a written  
 22 response to the state board of tax commissioners' Indianapolis office  
 23 specifying how to make the required reductions in the amount budgeted  
 24 for each office or department. The state board of tax commissioners  
 25 shall make reductions as specified in the political subdivision's  
 26 response if the response is provided as required by this subsection and  
 27 sufficiently specifies all necessary reductions. The state board of tax  
 28 commissioners may make a revision, a reduction, or an increase in a  
 29 political subdivision's budget only in the total amounts budgeted for  
 30 each office or department within each of the major budget  
 31 classifications prescribed by the state board of accounts.

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

36 (1) no bonds of the building corporation are outstanding; or

37 (2) the building corporation has enough legally available funds  
 38 on hand to redeem all outstanding bonds payable from the

- 1 particular lease rental levy requested.
- 2 (f) The action of the state board of tax commissioners on a budget,  
3 tax rate, or tax levy is final. The board shall certify its action to:
- 4 (1) the county auditor; and  
5 (2) the political subdivision if the state board acts pursuant to an  
6 appeal initiated by the political subdivision.
- 7 (g) The state board of tax commissioners is expressly directed to  
8 complete the duties assigned to it under this section not later than  
9 February 15th of each year for taxes to be collected during that year.
- 10 (h) Subject to the provisions of all applicable statutes, the state  
11 board of tax commissioners may increase a political subdivision's tax  
12 levy to an amount that exceeds the amount originally fixed by the  
13 political subdivision if the increase is:
- 14 (1) requested in writing by the officers of the political  
15 subdivision;  
16 (2) either:  
17 (A) based on information first obtained by the political  
18 subdivision after the public hearing under section 3 of this  
19 chapter; or  
20 (B) results from an inadvertent mathematical error made in  
21 determining the levy; and  
22 (3) published by the political subdivision according to a notice  
23 provided by the state board of tax commissioners.
- 24 (i) The state board of tax commissioners shall annually review the  
25 budget of each school corporation not later than April 1. The state  
26 board of tax commissioners shall give the school corporation written  
27 notification specifying any revision, reduction, or increase the state  
28 board of tax commissioners proposes in the school corporation's  
29 budget. A public hearing is not required in connection with this review  
30 of the budget.
- 31 SECTION 12. IC 6-1.1-18-3, AS AMENDED BY P.L.25-1995,  
32 SECTION 27 (CURRENT VERSION), IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) Except as  
34 provided in subsection (b), the sum of all tax rates for all political  
35 subdivisions imposed on tangible property within a political  
36 subdivision may not exceed:
- 37 (1) one dollar and twenty-five cents (\$1.25) on each one hundred  
38 dollars (\$100) of assessed valuation in territory outside the

1 corporate limits of a city or town; or  
 2 (2) two dollars (\$2) on each one hundred dollars (\$100) of  
 3 assessed valuation in territory inside the corporate limits of a city  
 4 or town.

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

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

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

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

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

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

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

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

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

33 (7) To meet the requirements of the county hospital care for the  
 34 indigent fund.

35 (c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5,  
 36 a county board of tax adjustment, a county auditor, or the state board  
 37 of tax commissioners may review the portion of a tax rate described in  
 38 subsection (b) only to determine if it exceeds the portion actually

1 needed to provide for one (1) of the purposes itemized in that  
2 subsection.

3 SECTION 13. IC 6-1.1-18-3, AS AMENDED BY P.L.6-1997,  
4 SECTION 82 (DELAYED VERSION), IS AMENDED TO READ AS  
5 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. (a) Except as  
6 provided in subsection (b), the sum of all tax rates for all political  
7 subdivisions imposed on tangible property within a political  
8 subdivision may not exceed:

9 (1) forty-one and sixty-seven hundredths cents (\$0.4167) on each  
10 one hundred dollars (\$100) of assessed valuation in territory  
11 outside the corporate limits of a city or town; or

12 (2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each  
13 one hundred dollars (\$100) of assessed valuation in territory  
14 inside the corporate limits of a city or town.

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

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

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

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

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

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

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

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

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

5 (7) To meet the requirements of the county hospital care for the  
6 indigent fund.

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

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

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

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

28 (2) revenue from property taxes levied under IC 6-1.1;  
29 the political subdivision must report the additional appropriation to the  
30 state board of tax commissioners. If the additional appropriation is  
31 made from a fund described under this subsection, subsections (f), (g),  
32 (h), and (i) apply to the political subdivision.

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

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

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

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

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

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

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

28 (1) be filed with the state board of tax commissioners within  
 29 fifteen (15) days of the receipt of the determination by the  
 30 political subdivision; and

31 (2) state with reasonable specificity the reason for the request.

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

34 SECTION 15. IC 6-1.1-19-1.9 IS ADDED TO THE INDIANA  
 35 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 36 [EFFECTIVE JULY 1, 1998]: **Sec. 1.9. (a) This section applies to ad**  
 37 **valorem property taxes first due and payable after December 31,**  
 38 **1999.**

- 1           **(b) Except as provided in:**
- 2           **(1) IC 20-5-15-2 (public library in connection with school);**
- 3           **(2) IC 20-5-16-2 (nursery schools);**
- 4           **(3) IC 20-5-17-2 (Children's Museum in Marion County);**
- 5           **(4) IC 20-5-17.5-2 (historical societies);**
- 6           **(5) IC 20-5-17.5-3 (art associations);**
- 7           **(6) IC 20-5-17.5-4 (cultural institutions); and**
- 8           **(7) IC 20-5-37-4 (public playgrounds);**

9           **a school corporation may not levy an ad valorem property tax for**  
 10 **the school corporation's general fund.**

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

- 25           (1) the order of the county board of tax adjustment or the county  
 26 auditor in respect of the appellant school corporation's budget,  
 27 **ad valorem property** tax levy, or **ad valorem property** tax rate  
 28 for the ensuing calendar year be approved;
- 29           (2) the order of the county board of tax adjustment or the county  
 30 auditor in respect of the appellant school corporation's budget,  
 31 **ad valorem property** tax levy, or **ad valorem property** tax rate  
 32 be disapproved and that the appellant school corporation's  
 33 budget, **ad valorem property** tax levy, or **ad valorem property**  
 34 tax rate be reduced as specified in the tax control board's  
 35 recommendation;
- 36           (3) the order of the county board of tax adjustment or the county  
 37 auditor in respect of the appellant school corporation's budget,  
 38 **ad valorem property** tax levy, or **ad valorem property** tax rate

1 be disapproved and that the appellant school corporation's  
2 budget, **ad valorem property** tax levy, or **ad valorem property**  
3 tax rate be increased as specified in the tax control board's  
4 recommendation; or

5 **(4) for property taxes first due and payable before January**  
6 **1, 2000**, combined with a recommendation allowed under  
7 subdivision (1), (2), or (3), the adjusted base tax levy for the  
8 school corporation be increased if the school corporation can  
9 show a need for the increased adjusted base levy due to:

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

12 (B) the opening after July 1, 1988, of an existing facility  
13 that has not been used for at least three (3) years and that is  
14 being reopened to provide additional classroom space.

15 The adjusted base levy increase, if approved by the tax control  
16 board, shall be an amount equal to the increase in costs resulting  
17 to the school corporation from the opening and operation of the  
18 new school facility or the reopening and operation of an existing  
19 facility that has not been used for at least three (3) years and that  
20 is being reopened to provide additional classroom space. In  
21 determining those increased costs, the tax control board shall  
22 consider the costs to the school corporation of complying with  
23 safety, health, space, heat, or lighting standards required by state  
24 or federal law or regulation, and the other physical operation  
25 costs that in the opinion of the tax control board justify an  
26 adjustment in the school corporation's adjusted base levy.

27 (b) With respect to an appeal petition described in this section, the  
28 tax control board may not make a recommendation that, if followed by  
29 the state board of tax commissioners, would authorize the appellant  
30 school corporation for ~~the~~ **an** ensuing calendar year **before January 1,**  
31 **2000:**

32 (1) to collect a general fund tax levy in excess of the general  
33 fund tax levy initially adopted and advertised by the appellant  
34 school corporation;

35 (2) to impose a general fund tax rate in excess of the general  
36 fund tax rate initially adopted and advertised by the appellant  
37 school corporation; or

38 (3) to collect an excessive tax levy.

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

7       **(c) This subsection applies to a school budget for an**  
8       **expenditure from the school general fund after December 31, 1999.**  
9       **If the tax control board concludes, after studying an appeal**  
10       **petition, that the appellant school corporation cannot, in the**  
11       **ensuing calendar year, carry out the public educational duty**  
12       **committed to the appellant school corporation by law if, for the**  
13       **ensuing calendar year, the appellant school corporation does not**  
14       **receive emergency financial relief, the tax control board may**  
15       **recommend to the state board of tax commissioners that the order**  
16       **of the county board of tax adjustment or the county auditor in**  
17       **respect to the budget of the appellant school corporation be**  
18       **approved, or disapproved and modified, as specified in the tax**  
19       **control board's recommendation, and that the appellant school**  
20       **corporation receive emergency financial relief from the state, on**  
21       **terms to be specified by the tax control board in the board's**  
22       **recommendation, in the form of:**

- 23               **(1) a grant or grants from funds of the state that are**  
24               **available for such a purpose;**  
25               **(2) a loan or loans from funds of the state that are available**  
26               **for such a purpose;**  
27               **(3) permission to the appellant school corporation to borrow**  
28               **funds from a source other than the state or assistance in**  
29               **obtaining the loan;**  
30               **(4) an advance or advances of funds that will become payable**  
31               **to the appellant school corporation under a law providing for**  
32               **the payment of state funds to school corporations;**  
33               **(5) permission to use, for general fund purposes, an**  
34               **unobligated balance in a construction fund, including**  
35               **unobligated proceeds of a sale of the school corporation's**  
36               **general obligation bonds; or**  
37               **(6) a combination of the emergency financial relief described**  
38               **in subdivisions (1) through (5).**

1       **The tax control board shall recommend the source of the**  
2       **repayment of a loan recommended under this subsection. The tax**  
3       **control board may not recommend the imposition of an ad valorem**  
4       **property tax levy to repay the loan. The state board of tax**  
5       **commissioners may accept, reject, or accept and modify a**  
6       **recommendation made by the tax control board under this**  
7       **subsection.**

8               **(d) A school corporation, with respect to which the tax control**  
9       **board recommends and the state board of tax commissioners**  
10       **authorizes emergency financial relief under subsection (c), is, if the**  
11       **school corporation accepts the authorized relief, prohibited**  
12       **throughout a calendar year in which or for which the school**  
13       **corporation receives the emergency financial relief from taking the**  
14       **prohibited actions described in this subsection until the action is**  
15       **recommended by the tax control board to the state board of tax**  
16       **commissioners and authorized by the state board of tax**  
17       **commissioners. The prohibited actions are any of the following:**

18               **(1) The acquisition of real estate for school building**  
19               **purposes, the construction of new school buildings, or the**  
20               **remodeling or renovation of existing school buildings.**

21               **(2) The making of a lease of real or personal property for an**  
22               **annual rental or the incurring of any other contractual**  
23               **obligation (except an employment contract for a new**  
24               **employee, which contract is to supersede the contract of a**  
25               **terminating employee) calling for an annual outlay by the**  
26               **school corporation in excess of ten thousand dollars**  
27               **(\$10,000).**

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

30               **(4) The adoption or advertising of a budget, tax levy, or tax**  
31               **rate for a calendar year.**

32               **(e) If a school corporation subject to the controls described in**  
33       **subsection (d) takes any of the actions described in subsection (d)**  
34       **without having first obtained the recommendation of the tax**  
35       **control board and the state board of tax commissioners'**  
36       **authorization for the action, the state board of tax commissioners**  
37       **may take appropriate steps to reduce or terminate any emergency**  
38       **financial relief that the school corporation may then be receiving**

1 **under subsection (c).**

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

- 8 (1) a school corporation's adjusted base levy;
- 9 (2) a school corporation's excessive tax levy; or
- 10 (3) a school corporation's normal tax levy.

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

13 SECTION 18. IC 6-1.1-19-7, AS AMENDED BY P.L.2-1995,  
14 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 1998]: Sec. 7. (a) **As used in this section, "excessive tax**  
16 **levy" has the meaning set forth in IC 6-1.1-19-1 (repealed January**  
17 **1, 2000).**

18 (b) Any recommendation that is to be made by the tax control  
19 board to the state board of tax commissioners pursuant to any provision  
20 of this chapter shall be made at such a time as is prescribed in this  
21 chapter and, if no time for the making of such a recommendation is  
22 prescribed in this chapter, then the recommendation shall be made at  
23 such a time as will permit the state board of tax commissioners to  
24 complete those duties of the board that are defined in IC ~~1971~~; 6-1.1-17  
25 within the time allowed by law for the completion of those duties, or  
26 such additional time as is reasonably necessary for the state board of  
27 tax commissioners and the tax control board to complete the duties  
28 provided by this chapter. No **ad valorem property** tax levy shall be  
29 invalid because of the failure of either board to complete its duties  
30 within the time or time limits provided by this chapter or any other law.  
31 Subject to the provisions of this chapter, the state board of tax  
32 commissioners may accept, reject, or accept in part and reject in part  
33 any recommendation of the tax control board that is made to it under  
34 this chapter and may make any order that is consistent with the  
35 provisions of IC ~~1971~~; 6-1.1-17. The state board of tax commissioners  
36 may not approve or authorize an excessive tax levy **that is first due**  
37 **and payable before January 1, 2000**, except in accordance with the  
38 provisions of this chapter. **The state board of tax commissioners may**

1 **not approve or authorize an excessive tax levy that is first due and**  
2 **payable after December 31, 1999.**

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

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

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

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

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

22 **STEP TWO: Determine fifty percent (50%) of the school**  
23 **general fund budget for that calendar year.**

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

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

27 (B) **fifty percent (50%) of the school general fund**  
28 **budgets for all school corporations in the county;**

29 **for that calendar year.**

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

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

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

- 35 (1) **taxing units other than a school corporation; and**
- 36 (2) **funds of a school corporation for which a property tax**  
37 **levy is imposed;**

38 **shall be changed for that same year by reducing the amount of**

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

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

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

13 (1) A project for which the political subdivision reasonably  
14 expects to pay:

15 (A) debt service; or

16 (B) lease rentals;

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

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

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

29 (4) A project for which bonds were issued or leases were entered  
30 into before January 1, 1996, or where the state board of tax  
31 commissioners has approved the issuance of bonds or the  
32 execution of leases before January 1, 1996.

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

35 SECTION 21. IC 6-1.1-20-1.3, AS ADDED BY P.L.25-1995,  
36 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JULY 1, 1998]: Sec. 1.3. As used in this chapter, "lease" means a lease  
38 by a political subdivision of any controlled project with lease rentals

1 payable from property taxes that are exempt from the levy limitations  
2 of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~; **IC 6-1.1-19-1.5 (repealed January 1,**  
3 **2000) or are levied by a school corporation for a fund other than**  
4 **the general fund.**

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

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

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

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

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

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

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

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

27 (1) the remainder of:

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

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

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

38 (ii) the sum of any increases in property tax levies of

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

- 1 was not initially established or reestablished for a
- 2 stated assessment year that succeeds the 1983 stated
- 3 assessment year; minus
- 4 (G) the amount of property taxes imposed in the county for
- 5 the stated assessment year under:
  - 6 (i) IC 21-2-15 for a capital projects fund; plus
  - 7 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
  - 8 (iii) IC 20-14-13 for a library capital projects fund;
  - 9 plus
  - 10 (iv) IC 20-5-17.5-3 for an art association fund; plus
  - 11 (v) IC 21-2-17 for a special education preschool fund;
  - 12 plus
  - 13 (vi) **before January 1, 2000**, an appeal filed under
  - 14 IC 6-1.1-19-5.1 (**repealed January 1, 2000**) for an
  - 15 increase in a school corporation's maximum
  - 16 permissible general fund levy for certain transfer
  - 17 tuition costs; plus
  - 18 (vii) **before January 1, 2000**, an appeal filed under
  - 19 IC 6-1.1-19-5.4 for an increase in a school
  - 20 corporation's maximum permissible general fund levy
  - 21 for transportation operating costs; minus
- 22 (H) **before January 1, 2000**, the amount of property taxes
- 23 imposed by a school corporation that is attributable to the
- 24 passage, after 1983, of a referendum for an excessive tax
- 25 levy under IC 6-1.1-19, including any increases in these
- 26 property taxes that are attributable to the adjustment set
- 27 forth in IC 6-1.1-19-1.5(a) STEP ONE (**repealed January**
- 28 **1, 2000**) or any other law; minus
- 29 (I) for each township in the county, the lesser of:
  - 30 (i) the sum of the amount determined in
  - 31 IC 6-1.1-18.5-19(a) STEP THREE or
  - 32 IC 6-1.1-18.5-19(b) STEP THREE, whichever is
  - 33 applicable, plus the part, if any, of the township's ad
  - 34 valorem property tax levy for calendar year 1989 that
  - 35 represents increases in that levy that resulted from an
  - 36 appeal described in IC 6-1.1-18.5-13(5) filed after
  - 37 December 31, 1982; or
  - 38 (ii) the amount of property taxes imposed in the

- 1 township for the stated assessment year under the  
 2 authority of IC 36-8-13-4; minus  
 3 (J) for each participating unit in a fire protection territory  
 4 established under IC 36-8-19-1, the amount of property  
 5 taxes levied by each participating unit under IC 36-8-19-8  
 6 and IC 36-8-19-8.5 less the maximum levy limit for each of  
 7 the participating units that would have otherwise been  
 8 available for fire protection services under IC 6-1.1-18.5-3  
 9 and IC 6-1.1-18.5-19 for that same year; minus  
 10 (K) for each county, the sum of:  
 11 (i) the amount of property taxes imposed in the county  
 12 for the repayment of loans under IC 12-19-5-6 that is  
 13 included in the amount determined under  
 14 IC 12-19-7-4(a) STEP SEVEN for property taxes  
 15 payable in 1995, or for property taxes payable in each  
 16 year after 1995, the amount determined under  
 17 IC 12-19-7-4(b); and  
 18 (ii) the amount of property taxes imposed in the county  
 19 attributable to appeals granted under IC 6-1.1-18.6-3  
 20 that is included in the amount determined under  
 21 IC 12-19-7-4(a) STEP SEVEN for property taxes  
 22 payable in 1995, or the amount determined under  
 23 IC 12-19-7-4(b) for property taxes payable in each year  
 24 after 1995; plus  
 25 (2) all taxes to be paid in the county in respect to mobile home  
 26 assessments currently assessed for the year in which the taxes  
 27 stated in the abstract are to be paid; plus  
 28 (3) the amounts, if any, of county adjusted gross income taxes  
 29 that were applied by the taxing units in the county as property  
 30 tax replacement credits to reduce the individual levies of the  
 31 taxing units for the assessment year, as provided in IC 6-3.5-1.1;  
 32 plus  
 33 (4) the amounts, if any, by which the maximum permissible ad  
 34 valorem property tax levies of the taxing units of the county were  
 35 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated  
 36 assessment year; plus  
 37 (5) the difference between:  
 38 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP

1                   FOUR; minus  
 2                   (B) the amount the civil taxing units' levies were increased  
 3                   because of the reduction in the civil taxing units' base year  
 4                   certified shares under IC 6-1.1-18.5-3(e).

5                   (h) "December settlement sheet" means the certificate of  
 6                   settlement filed by the county auditor with the auditor of state, as  
 7                   required under IC 6-1.1-27-3.

8                   (i) "Tax duplicate" means the roll of property taxes which each  
 9                   county auditor is required to prepare on or before March 1 of each year  
 10                  under IC 6-1.1-22-3.

11                  SECTION 23. IC 6-1.1-21.5-6 IS AMENDED TO READ AS  
 12                  FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. (a) Except as  
 13                  specifically provided in subsection (c), the receipt by the qualified  
 14                  taxing unit of either the loan proceeds or any payment of delinquent tax  
 15                  owed by a taxpayer in bankruptcy, or both, is not considered to be part  
 16                  of the ad valorem property tax levy actually collected by the qualified  
 17                  taxing unit for taxes first due and payable during a particular calendar  
 18                  year for the purpose of calculating the levy excess under  
 19                  IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 (**repealed January 1, 2000**).

20                  (b) The loan proceeds and any payment of delinquent tax may be  
 21                  expended by the qualified taxing unit only to pay debts of the qualified  
 22                  taxing unit that have been incurred pursuant to duly adopted  
 23                  appropriations approved by the state board of tax commissioners for  
 24                  operating expenses.

25                  (c) In the event the sum of the receipts of the qualified taxing unit  
 26                  that are attributable to:

- 27                   (1) the loan proceeds; and  
 28                   (2) the payment of property taxes owed by a taxpayer in a  
 29                   bankruptcy proceeding initially filed in 1986 and payable in  
 30                   respect to the second installment of taxes due and payable in  
 31                   November 1986, and in respect to taxes due and payable in  
 32                   1987;

33                  exceeds eleven million nine hundred thousand dollars (\$11,900,000),  
 34                  the excess as received during any calendar year or years shall be set  
 35                  aside and treated for the calendar year when received as a levy excess  
 36                  subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 (**repealed January 1,**  
 37                  **2000**). In calculating the payment of property taxes as provided in  
 38                  subdivision (2), the amount of property tax credit ~~financially~~ **finally**

1 allowed under IC 6-1.1-21-5 in respect to such taxes is deemed to be  
2 a payment of such property taxes.

3 (d) As used in this section, "delinquent tax" means any tax owed  
4 by a taxpayer in a bankruptcy proceeding initially filed in 1986 and that  
5 is not paid during the calendar year for which it was first due and  
6 payable.

7 SECTION 24. IC 6-1.1-21.7-14, AS ADDED BY P.L.58-1997,  
8 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
9 JULY 1, 1998]: Sec. 14. Loan proceeds received under this chapter  
10 may not be considered to be a levy excess under IC 6-1.1-18.5-17 and  
11 IC 6-1.1-19-1.7 (**repealed January 1, 2000**).

12 SECTION 25. IC 6-1.1-29-9, AS AMENDED BY P.L.36-1994,  
13 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 JULY 1, 1998]: Sec. 9. (a) A county council may adopt an ordinance  
15 to abolish the county board of tax adjustment. This ordinance must be  
16 adopted by July 1 and may not be rescinded in the year it is adopted.  
17 Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19, IC 12-19-3,  
18 IC 12-19-7, IC 21-2-14 (**repealed January 1, 2000**), IC 36-8-6,  
19 IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and  
20 IC 36-9-13, if such an ordinance is adopted, this section governs the  
21 treatment of tax rates, tax levies, and budgets that would otherwise be  
22 reviewed by a county board of tax adjustment under IC 6-1.1-17.

23 (b) The time requirements set forth in IC 6-1.1-17 govern all  
24 filings and notices.

25 (c) A tax rate, tax levy, or budget that otherwise would be  
26 reviewed by the county board of tax adjustment is considered and must  
27 be treated for all purposes as if the county board of tax adjustment  
28 approved the tax rate, tax levy, or budget. This includes the notice of  
29 tax rates that is required under IC 6-1.1-17-12.

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

- 34 (1) field representatives;  
35 (2) supervisors;  
36 (3) employees who are selected to work in the board's division  
37 of tax review; and  
38 (4) **before January 1, 2000**, employees who are selected to

1 perform the duties assigned to the board under IC ~~1971~~,  
2 6-1.1-34.

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

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

12 (1) select field representatives and supervisors so that no more  
13 than one-half (1/2) of all those employees belong to any one (1)  
14 political party;

15 (2) select, as nearly as possible, the employees described in  
16 subsection (a) (3) ~~of this section~~ so that no more than one-half  
17 (1/2) of all those employees belong to any one (1) political party;  
18 and

19 (3) **before January 1, 2000**, select, as nearly as possible, the  
20 employees described in subsection (a)(4) ~~of this section~~ so that  
21 no more than one-half (1/2) of those employees belong to any  
22 one (1) political party.

23 SECTION 27. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE  
24 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
25 APRIL 1, 1998 (RETROACTIVE)]:

26 **Chapter 44. Replacement of Property Tax Levies in Allocation**  
27 **Areas**

28 **Sec. 1. As used in this chapter, "allocation area" refers to an**  
29 **area that is established under the authority of any of the following**  
30 **statutes and in which property taxes levied by a taxing unit other**  
31 **than the area are allocated to the use of the area:**

32 (1) IC 6-1.1-39-5.

33 (2) IC 8-22-3.5-9.

34 (3) IC 36-7-14-30.

35 (4) IC 36-7-14-32.

36 (5) IC 36-7-14-39.

37 (6) IC 36-7-14-41.

38 (7) IC 36-7-14-43.

1           **(8) IC 36-7-14.5-12.5.**

2           **(9) IC 36-7-15.1-20.**

3           **(10) IC 36-7-15.1-22.**

4           **(11) IC 36-7-15.1-26.**

5           **(12) IC 36-7-15.1-29.**

6           **(13) IC 36-7-15.1-30.**

7           **(14) IC 36-7-30-25.**

8           **(15) Any other similar statute.**

9           **Sec. 2. As used in this chapter, "obligation" means an**  
 10 **obligation entered into by the governing body of an allocation area**  
 11 **to repay:**

12           **(1) the principal and interest on bonds; or**

13           **(2) any other contractual obligation;**

14 **from revenues received from the levy of an ad valorem property**  
 15 **tax by a taxing unit. The term includes a guarantee of repayment**  
 16 **from ad vaolrem property tax levies if other revenues are**  
 17 **insufficient to make a payment.**

18           **Sec. 3. After April 1, 1998, the governing body of an allocation**  
 19 **area may not pledge a school general fund property tax levy that**  
 20 **is first due and payable after December 31, 1999, to the payment**  
 21 **of an obligation.**

22           **Sec. 4. (a) This section applies to an allocation area in which:**

23           **(1) the holders of bonds or another contractual obligation**  
 24 **received a pledge before April 2, 1998, of ad valorem**  
 25 **property tax levies to repay any part of the bonds or other**  
 26 **contractual obligation after December 31, 1999; and**

27           **(2) the elimination of a general fund property tax levy for a**  
 28 **school corporation adversely affects the ability of the**  
 29 **allocation area to repay the bonds or other contractual**  
 30 **obligation described in subdivision (1).**

31           **(b) The governing body of an allocation area may, after a**  
 32 **hearing, impose a special assessment on the owners of property**  
 33 **that is located in an allocation area to repay an obligation that**  
 34 **comes due after December 31, 1999. The total amount of the special**  
 35 **assessment in a year may not exceed the amount by which the total**  
 36 **due in the year on the obligations of the allocation area entered**  
 37 **into before April 2, 1998, exceed the amount of other revenues**  
 38 **available to the allocation area.**

1           (c) **A special assessment shall be imposed and collected in the**  
 2 **same manner as ad valorem property taxes are imposed and**  
 3 **collected.**

4           SECTION 28. IC 6-3-1-3.5, AS AMENDED BY P.L.57-1997,  
 5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 3.5. When used in  
 7 IC 6-3, the term "adjusted gross income" shall mean the following:

8           (a) In the case of all individuals, "adjusted gross income" (as  
 9 defined in Section 62 of the Internal Revenue Code), modified as  
 10 follows:

11           (1) Subtract income that is exempt from taxation under IC 6-3 by  
 12 the Constitution and statutes of the United States.

13           (2) Add an amount equal to any deduction or deductions allowed  
 14 or allowable pursuant to Section 62 of the Internal Revenue Code  
 15 for taxes based on or measured by income and levied at the state  
 16 level by any state of the United States. ~~or for taxes on property~~  
 17 ~~levied by any subdivision of any state of the United States.~~

18           (3) Subtract one thousand **five hundred** dollars ~~(\$1,000);~~  
 19 **(\$1,500)**, or in the case of a joint return filed by a husband and  
 20 wife, subtract for each spouse one thousand **five hundred** dollars  
 21 ~~(\$1,000);~~ **(\$1,500)**.

22           (4) Subtract one thousand **five hundred** dollars ~~(\$1,000)~~ **(\$1,500)**  
 23 for:

24           (A) each of the exemptions provided by Section 151(c) of the  
 25 Internal Revenue Code;

26           (B) each additional amount allowable under Section 63(f) of  
 27 the Internal Revenue Code; and

28           (C) the spouse of the taxpayer if a separate return is made by  
 29 the taxpayer, and if the spouse, for the calendar year in which  
 30 the taxable year of the taxpayer begins, has no gross income  
 31 and is not the dependent of another taxpayer.

32           (5) Subtract five hundred dollars (\$500) for each of the  
 33 exemptions allowed under Section 151(c)(1)(B) of the Internal  
 34 Revenue Code for taxable years beginning after December 31,  
 35 1996, and before January 1, 2001. This amount is in addition to  
 36 the amount subtracted under subdivision (4).

37           (6) Subtract an amount equal to the lesser of:

38           (A) that part of the individual's adjusted gross income (as

- 1 defined in Section 62 of the Internal Revenue Code) for that  
2 taxable year that is subject to a tax that is imposed by a  
3 political subdivision of another state and that is imposed on or  
4 measured by income; or  
5 (B) two thousand dollars (\$2,000).
- 6 (7) Add an amount equal to the total ordinary income portion of  
7 a lump sum distribution (as defined in Section 402(e)(4)(A) of the  
8 Internal Revenue Code), if the lump sum distribution is received  
9 by the individual during the taxable year and if the ordinary  
10 income portion of the distribution is taxed in the manner provided  
11 in Section 402(e) of the Internal Revenue Code.
- 12 (8) Subtract any amounts included in federal adjusted gross  
13 income under Internal Revenue Code Section 111 as a recovery  
14 of items previously deducted as an itemized deduction from  
15 adjusted gross income.
- 16 (9) Subtract any amounts included in federal adjusted gross  
17 income under the Internal Revenue Code which amounts were  
18 received by the individual as supplemental railroad retirement  
19 annuities under 45 U.S.C. 231 and which are not deductible under  
20 subdivision (1).
- 21 (10) Add an amount equal to the deduction allowed under Section  
22 221 of the Internal Revenue Code for married couples filing joint  
23 returns if the taxable year began before January 1, 1987.
- 24 (11) Add an amount equal to the interest excluded from federal  
25 gross income by the individual for the taxable year under Section  
26 128 of the Internal Revenue Code, if the taxable year began  
27 before January 1, 1985.
- 28 (12) Subtract an amount equal to the amount of federal Social  
29 Security and Railroad Retirement benefits included in a taxpayer's  
30 federal gross income by Section 86 of the Internal Revenue Code.
- 31 (13) In the case of a nonresident taxpayer or a resident taxpayer  
32 residing in Indiana for a period of less than the taxpayer's entire  
33 taxable year, the total amount of the deductions allowed pursuant  
34 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount  
35 which bears the same ratio to the total as the taxpayer's income  
36 taxable in Indiana bears to the taxpayer's total income.
- 37 (14) In the case of an individual who is a recipient of assistance  
38 under IC 12-10-6-1, IC 12-10-6-2, IC 12-10-6-3, IC 12-15-2-2, or

1 IC 12-15-7, subtract an amount equal to that portion of the  
 2 individual's adjusted gross income with respect to which the  
 3 individual is not allowed under federal law to retain an amount to  
 4 pay state and local income taxes.

5 (b) In the case of corporations, the same as "taxable income" (as  
 6 defined in Section 63 of the Internal Revenue Code) adjusted as  
 7 follows:

- 8 (1) Subtract income that is exempt from taxation under IC 6-3 by  
 9 the Constitution and statutes of the United States.  
 10 (2) Add an amount equal to any deduction or deductions allowed  
 11 or allowable pursuant to Section 170 of the Internal Revenue  
 12 Code.  
 13 (3) Add an amount equal to any deduction or deductions allowed  
 14 or allowable pursuant to Section 63 of the Internal Revenue Code  
 15 for taxes based on or measured by income and levied at the state  
 16 level by any state of the United States. ~~or for taxes on property~~  
 17 ~~levied by any subdivision of any state of the United States.~~  
 18 (4) Subtract an amount equal to the amount included in the  
 19 corporation's taxable income under Section 78 of the Internal  
 20 Revenue Code.

21 (c) In the case of trusts and estates, "taxable income" (as defined for  
 22 trusts and estates in Section 641(b) of the Internal Revenue Code)  
 23 reduced by income that is exempt from taxation under IC 6-3 by the  
 24 Constitution and statutes of the United States.

25 SECTION 29. IC 6-3.1-2-1 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. As used in this  
 27 chapter, the following terms have the following meanings:

- 28 (1) "Eligible teacher" means a teacher:  
 29 (A) certified in a shortage area by the professional standards  
 30 board established by IC 20-1-1.4; and  
 31 (B) employed under contract during the regular school term by  
 32 a school corporation in a shortage area.  
 33 (2) "Qualified position" means a position that:  
 34 (A) is relevant to the teacher's academic training in a shortage  
 35 area; and  
 36 (B) has been approved by the Indiana state board of education  
 37 under section 6 of this chapter.  
 38 (3) "Regular school term" means the period, other than the school

1 summer recess, during which a teacher is required to perform  
2 duties assigned to him under a teaching contract.

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

6 (5) "Shortage area" means the subject areas of mathematics and  
7 science and any other subject area designated as a shortage area  
8 by the Indiana state board of education.

9 (6) "State income tax liability" means a taxpayer's total income  
10 tax liability incurred under IC 6-2.1 and IC 6-3, as computed after  
11 application of credits that under IC 6-3.1-1-2 are to be applied  
12 before the credit provided by this chapter.

13 SECTION 30. IC 6-3.5-1.1-1, AS AMENDED BY P.L.96-1995,  
14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 1998]: Sec. 1. As used in this chapter:

16 "Adjusted gross income" has the same definition that the term is  
17 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer  
18 who is not a resident of a county that has imposed the county adjusted  
19 gross income tax, the term includes only adjusted gross income derived  
20 from his principal place of business or employment.

21 "Civil taxing unit" means any entity having the power to impose ad  
22 valorem property taxes except a school corporation. The term does not  
23 include a solid waste management district that is not entitled to a  
24 distribution under section 1.3 of this chapter. However, in the case of  
25 a consolidated city, the term "civil taxing unit" includes the  
26 consolidated city and all special taxing districts, all special service  
27 districts, and all entities whose budgets and property tax levies are  
28 subject to review under IC 36-3-6-9.

29 "County council" includes the city-county council of a consolidated  
30 city.

31 "County taxpayer" as it relates to a county for a year means any  
32 individual:

33 (1) who resides in that county on the date specified in section 16  
34 of this chapter; or

35 (2) who maintains his principal place of business or employment  
36 in that county on the date specified in section 16 of this chapter  
37 and who does not on that same date reside in another county in  
38 which the county adjusted gross income tax, the county option

1 income tax, or the county economic development income tax is in  
2 effect.

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

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

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

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

13 SECTION 31. IC 6-3.5-1.1-14, AS AMENDED BY P.L.25-1995,  
14 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 1998]: Sec. 14. (a) In determining the amount of property tax  
16 replacement credits civil taxing units and school corporations of a  
17 county are entitled to receive during a calendar year, the state board of  
18 tax commissioners shall consider only property taxes imposed on  
19 tangible property that was assessed in that county.

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

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

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

1 replacement credits described in this subsection to all five (5) funds in  
2 proportion to the levy for each fund.

3 SECTION 32. IC 6-5.5-1-2, AS AMENDED BY P.L.28-1997,  
4 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 2. (a) Except as provided  
6 in subsections (b) through (d), "adjusted gross income" means taxable  
7 income as defined in Section 63 of the Internal Revenue Code, adjusted  
8 as follows:

9 (1) Add the following amounts:

10 (A) An amount equal to a deduction allowed or allowable  
11 under Section 166, Section 585, or Section 593 of the Internal  
12 Revenue Code.

13 (B) An amount equal to a deduction allowed or allowable  
14 under Section 170 of the Internal Revenue Code.

15 (C) An amount equal to a deduction or deductions allowed or  
16 allowable under Section 63 of the Internal Revenue Code for  
17 taxes based on or measured by income and levied at the state  
18 level by a state of the United States or levied at the local level  
19 by any subdivision of a state of the United States. ~~or for taxes~~  
20 ~~on property levied by a state or a subdivision of a state of the~~  
21 ~~United States.~~

22 (D) The amount of interest excluded under Section 103 of the  
23 Internal Revenue Code or under any other federal law, minus  
24 the associated expenses disallowed in the computation of  
25 taxable income under Section 265 of the Internal Revenue  
26 Code.

27 (E) An amount equal to the deduction allowed under Section  
28 172 or 1212 of the Internal Revenue Code for net operating  
29 losses or net capital losses.

30 (F) For a taxpayer that is not a large bank (as defined in  
31 Section 585(c)(2) of the Internal Revenue Code), an amount  
32 equal to the recovery of a debt, or part of a debt, that becomes  
33 worthless to the extent a deduction was allowed from gross  
34 income in a prior taxable year under Section 166(a) of the  
35 Internal Revenue Code.

36 (2) Subtract the following amounts:

37 (A) Income that the United States Constitution or any statute  
38 of the United States prohibits from being used to measure the

- 1 tax imposed by this chapter.
- 2 (B) Income that is derived from sources outside the United  
3 States, as defined by the Internal Revenue Code.
- 4 (C) An amount equal to a debt or part of a debt that becomes  
5 worthless, as permitted under Section 166(a) of the Internal  
6 Revenue Code.
- 7 (D) An amount equal to any bad debt reserves that are  
8 included in federal income because of accounting method  
9 changes required by Section 585(c)(3)(A) of the Internal  
10 Revenue Code.
- 11 (b) In the case of a credit union, "adjusted gross income" for a  
12 taxable year means the total transfers to undivided earnings minus  
13 dividends for that taxable year after statutory reserves are set aside  
14 under IC 28-7-1-24.
- 15 (c) In the case of an investment company, "adjusted gross income"  
16 means the company's federal taxable income multiplied by the quotient  
17 of:
- 18 (1) the aggregate of the gross payments collected by the company  
19 during the taxable year from old and new business upon  
20 investment contracts issued by the company and held by residents  
21 of Indiana; divided by
- 22 (2) the total amount of gross payments collected during the  
23 taxable year by the company from the business upon investment  
24 contracts issued by the company and held by persons residing  
25 within Indiana and elsewhere.
- 26 (d) As used in subsection (c), "investment company" means a  
27 person, copartnership, association, limited liability company, or  
28 corporation, whether domestic or foreign, that:
- 29 (1) is registered under the Investment Company Act of 1940 (15  
30 U.S.C. 80a-1 et seq.); and
- 31 (2) solicits or receives a payment to be made to itself and issues  
32 in exchange for the payment:
- 33 (A) a so-called bond;
- 34 (B) a share;
- 35 (C) a coupon;
- 36 (D) a certificate of membership;
- 37 (E) an agreement;
- 38 (F) a pretended agreement; or

1 (G) other evidences of obligation;  
 2 entitling the holder to anything of value at some future date, if the  
 3 gross payments received by the company during the taxable year  
 4 on outstanding investment contracts, plus interest and dividends  
 5 earned on those contracts (by prorating the interest and dividends  
 6 earned on investment contracts by the same proportion that  
 7 certificate reserves (as defined by the Investment Company Act  
 8 of 1940) is to the company's total assets) is at least fifty percent  
 9 (50%) of the company's gross payments upon investment  
 10 contracts plus gross income from all other sources except  
 11 dividends from subsidiaries for the taxable year. The term  
 12 "investment contract" means an instrument listed in clauses (A)  
 13 through (G).

14 SECTION 33. IC 20-1-1.3-8, AS AMENDED BY P.L.1-1994,  
 15 SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 16 JULY 1, 1998]: Sec. 8. (a) A public school that receives a monetary  
 17 award under this chapter may expend that award for any educational  
 18 purpose for that school, except:

- 19 (1) athletics;
- 20 (2) salaries for school personnel; or
- 21 (3) salary bonuses for school personnel.

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

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

27 of the school corporation of which the school receiving the monetary  
 28 award is a part.

29 SECTION 34. IC 20-1-6-1, AS AMENDED BY P.L.40-1994,  
 30 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 1998]: Sec. 1. As used in this chapter, the following terms  
 32 have the following meanings:

- 33 (1) "Child with a disability" means any child who is at least three  
 34 (3) years of age but less than twenty-two (22) years of age and  
 35 who because of physical or mental disability is incapable of being  
 36 educated properly and efficiently through normal classroom  
 37 instruction, but who with the advantage of a special educational  
 38 program may be expected to benefit from instruction in

1 surroundings designed to further the educational, social, or  
 2 economic status of the child. Public schools may operate special  
 3 education programs for hearing impaired children as young as six  
 4 (6) months of age on an experimental basis upon the approval of  
 5 the superintendent of public instruction and the Indiana state  
 6 board of education.

7 (2) "Division" means the division of special education within the  
 8 department of education.

9 (3) "Director" means the director of the division of special  
 10 education.

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

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

16 (A) a representative of the school corporation or public agency  
 17 responsible for educating the child;

18 (B) the child's teacher;

19 (C) the child's parent, guardian, or custodian;

20 (D) if appropriate, the child; and

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

27 and that describes the special education to be provided to the  
 28 child.

29 (6) "Preschool child with a disability" refers to a disabled child  
 30 who is at least three (3) years of age by September 1 of the  
 31 1989-90 school year, August 1 of the 1990-91 school year, July  
 32 1 of the 1991-92 school year, or June 1 of the 1992-93 school year  
 33 and every subsequent school year.

34 (7) "Special education" means instruction specially designed to  
 35 meet the unique needs of a child with a disability. It includes  
 36 transportation, developmental, corrective, and other support  
 37 services and training only when required to assist a child with a  
 38 disability to benefit from the instruction itself.

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

2           SECTION 35. IC 20-2-2-3 IS AMENDED TO READ AS

3 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) The township

4 trustees of each and every township of each county shall perform all the

5 civil functions performed before March 13, 1947, by such township

6 trustees and together with other township trustees of the county shall

7 constitute a county board of education for the purpose of managing the

8 affairs of the county school corporation hereby created in each such

9 county. School cities and school towns shall retain independent

10 organization and administration unless abandoned as provided by law,

11 and the county school corporation, also referred to in this chapter as the

12 county, shall include all areas not organized on March 13, 1947, under

13 the laws of this state into jurisdictions controlled and governed as

14 school cities or school towns. Said county board of education may be

15 referred to interchangeably as the county board of school trustees and

16 as the board. Said board shall meet at such time as the board shall

17 designate at the office of the county superintendent of schools and at

18 such other times and places as the county superintendent of schools

19 may deem necessary. At the first meeting of each year, to be held on

20 the first Wednesday after the first Monday in January, the board shall

21 organize by selecting a president, a vice president, a secretary, and a

22 treasurer from its membership. Provided, however, that no later than

23 April 12, 1947, it shall be the duty of the county superintendent of

24 schools to call said board into special session and unless the county

25 board of education shall elect to have the provisions of this section

26 remain inoperative, under provisions that may be included within this

27 section, said board shall so organize itself, except that the failure of the

28 county superintendent of schools to call the county board of education

29 into session within the prescribed limits of this section shall not be

30 construed to mean that a county school corporation as described in this

31 section shall be brought into existence in such county, and no such

32 county school corporation shall be brought into existence until the

33 board has met in special session subsequent to March 13, 1947, and has

34 taken action to organize itself into a county school corporation, after

35 consideration of the question whether it should elect to have the

36 provisions of this section remain inoperative under provisions that may

37 be included within this section. Such organization when and if effected

38 shall be filed with the county auditor and shall be published by said

1 auditor in two (2) newspapers of different political persuasions of  
2 general circulation throughout the county within ten (10) days after  
3 such filing, and such organization shall be deemed to fulfill all the  
4 requirements of this section for the transacting of public business under  
5 this section. The secretary of the board shall keep an accurate record of  
6 the minutes of the board, which minutes shall be kept at the county  
7 superintendent's office. The county superintendent shall act as  
8 administrator of the board and shall carry out such acts and duties as  
9 shall be designated by the board. A quorum shall consist of two-thirds  
10 (2/3) of the members of the board.

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

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

24 (d) The government of the common schools of the county shall be  
25 vested in the board, and the board shall function with all the authority,  
26 powers, privileges, duties, and obligations granted to or required of  
27 school cities before March 13, 1947, and school towns and their  
28 governing boards generally under the laws pertaining thereto with  
29 reference to the purchase of supplies, purchase and sale of buildings,  
30 grounds, and equipment, the erection of buildings, the employment and  
31 dismissal of school personnel, the right and power to sue and be sued  
32 in the name of the county, the insuring of property and employees, ~~the~~  
33 ~~levying and collecting of taxes~~, the making and executing of a budget,  
34 the borrowing of money, the paying of the salaries and expenses of the  
35 county superintendent and employees as approved by the board and to  
36 any act necessary to the proper administration of the common schools  
37 of the county.

38 (e) Such school corporations shall be vested with all right, title, and

1 interest of their respective predecessor township school corporations  
2 hereby terminated to and in all the real, personal, and other property of  
3 any nature and from whatever source derived, and shall assume, pay,  
4 and be liable for all the indebtedness and liabilities of the same.

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

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

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

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

35 SECTION 36. IC 20-2-9-2 IS AMENDED TO READ AS  
36 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. Said school trustees  
37 shall maintain in each school corporation a term of school at least six  
38 (6) months in duration and **before January 1, 2000**, shall authorize a

1 local tuition levy sufficient to conduct a six (6) months term of school  
 2 each year based on estimates and receipts from all sources for the  
 3 previous year, which may include that received from the state's tuition  
 4 revenue. ~~Provided; Such~~ **However, the** levy shall not exceed the limit  
 5 ~~now~~ provided by law.

6 SECTION 37. IC 20-3-11-20 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 20. (a) Each such board  
 8 of school commissioners may from time to time, whenever its general  
 9 fund shall be exhausted or in the board's judgment be in danger of  
 10 exhaustion, make temporary loans for the use of its general fund to be  
 11 paid out of ~~the proceeds of taxes theretofore levied by such school city~~  
 12 **for its money to be deposited in the** general fund. The amount so  
 13 borrowed in aid of said general fund shall be paid into said general  
 14 fund and may be used for any purpose for which the said general fund  
 15 lawfully may be used. Any such temporary loan shall be evidenced by  
 16 the promissory note or notes of said school city, shall bear interest at  
 17 not more than seven percent (7%) per annum, interest payable at the  
 18 maturity of the note or periodically, as the note may express, and shall  
 19 mature at such time or times as the board of school commissioners may  
 20 decide, but not later than one (1) year from the date of the note. No  
 21 such loan or loans made in any one (1) calendar year shall be for a sum  
 22 greater than the amount estimated by said board as the ~~proceeds money~~  
 23 **to be received by it from the levy of taxes theretofore made by said**  
 24 **school city in behalf of its said deposited in the** general fund **before**  
 25 **the due date of the note.** Successive loans may be made in aid of said  
 26 general fund in any calendar year, but the aggregate amount thereof,  
 27 outstanding at any one (1) time, shall not exceed such estimated  
 28 ~~proceeds of taxes levied in behalf of the said general fund.~~ **amounts to**  
 29 **be deposited in the general fund during the terms of the notes.**

30 (b) No such loan shall be made until notice asking for bids therefor  
 31 shall have been given by newspaper publication, which publication  
 32 shall be made one (1) time in a newspaper published in said city and  
 33 said publication shall be at least seven (7) days before the time when  
 34 bids for such loans will be opened. Bidders shall name the amount of  
 35 interest they agree to accept not exceeding seven percent (7%) per  
 36 annum, and the loan shall be made to the bidder or bidders bidding the  
 37 lowest rate of interest. The note or notes or warrants shall not be  
 38 delivered until the full price of the face thereof shall be paid to the

1 treasurer of said school city, and no interest shall accrue thereon before  
2 such delivery.

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

33 (d) If said state board of tax commissioners shall find and order that  
34 there is need for such temporary loan, and that it should be made, and  
35 said state board of accounts shall find that the money proposed to be  
36 borrowed will not be needed during the period of the temporary loan by  
37 the fund from which it is to be borrowed, and said two (2) state boards  
38 shall approve the loan, the business manager and treasurer of said

1 school city shall, upon such approval by said two (2) state boards, take  
 2 all steps necessary to transfer the amount of such loans, as a temporary  
 3 loan from the fund to be borrowed from, to said general fund of such  
 4 school city. The loan so effected shall, for all purposes, be a debt of the  
 5 school city chargeable against its constitutional debt limit.

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

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

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

29 SECTION 38. IC 20-3.1-15-1, AS ADDED BY P.L.340-1995,  
 30 SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 31 JULY 1, 1998]: Sec. 1. To provide the board with the necessary  
 32 flexibility and resources to carry out this article, the following apply:

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

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

- 1 (3) An exclusive representative certified under IC 20-7.5 to  
 2 represent certified employees of the school city, or any other  
 3 entity voluntarily recognized by the board as a representative of  
 4 employees providing educational services in the schools, may  
 5 bargain collectively only concerning salary, wages, and salary and  
 6 wage related fringe benefits. The exclusive representative may not  
 7 bargain collectively or discuss performance awards under  
 8 IC 20-3.1-12.
- 9 (4) The board of school commissioners may waive the following  
 10 statutes and rules for any school in the school city without the  
 11 need for administrative, regulatory, or legislative approval:
- 12 (A) The following rules concerning curriculum and  
 13 instructional time:
- 14 511 IAC 6.1-3-4  
 15 511 IAC 6.1-5-0.5  
 16 511 IAC 6.1-5-1  
 17 511 IAC 6.1-5-2.5  
 18 511 IAC 6.1-5-3.5  
 19 511 IAC 6.1-5-4
- 20 (B) The following rules concerning pupil/teacher ratios:
- 21 511 IAC 6-2-1(b)(2)  
 22 511 IAC 6.1-4-1
- 23 (C) The following statutes and rules concerning textbooks, and  
 24 rules adopted under the statutes:
- 25 IC 20-10.1-9-1  
 26 IC 20-10.1-9-18  
 27 IC 20-10.1-9-21  
 28 IC 20-10.1-9-23  
 29 IC 20-10.1-9-27  
 30 IC 20-10.1-10-1  
 31 IC 20-10.1-10-2  
 32 511 IAC 6.1-5-5
- 33 (D) The following rules concerning school principals:
- 34 511 IAC 6-2-1(c)(4)  
 35 511 IAC 6.1-4-2
- 36 (E) 511 IAC 2-2, concerning school construction and  
 37 remodeling.
- 38 (5) Notwithstanding any other law, a school city may do the

1 following:

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

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

7 (i) professional development; or

8 (ii) technology, including video distance learning.

9 (C) Transfer funds obtained from sources other than state or  
10 local government taxation among any account of the school  
11 corporation, including a professional development and  
12 technology fund established under clause (B).

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

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

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

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

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

32 SECTION 39. IC 20-4-1-18 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 18. (a) Whenever the  
34 creation of a community school corporation out of an existing  
35 corporation would involve no change in its territorial boundaries or in  
36 its board of school trustees or other governing body, other than a  
37 change, if any, in the time of election or appointment or the time the  
38 board members take office, and such creation is consistent with the

1 standards set up pursuant to the provisions of this chapter as modified,  
2 if any, by the standards set out in this section, the state board may upon  
3 its own motion or upon petition of the governing body of the existing  
4 school corporation at any time with hearing in the county where such  
5 school corporation is located, after notice by publication at least once  
6 in one (1) newspaper of general circulation published in the county  
7 where such school corporation is located, at least ten (10) but not more  
8 than thirty (30) days prior to the date of such hearing and without  
9 action of the county committee declare such existing school  
10 corporation to be a community school corporation by adopting a  
11 resolution to this effect. Such existing school corporation shall qualify  
12 as to size and financial resources if it has an average daily attendance  
13 of two hundred seventy (270) or more, in grades nine (9) through  
14 twelve (12), or of one thousand (1000) or more, in grades one (1)  
15 through twelve (12), and has an assessed valuation per pupil of five  
16 thousand dollars (\$5,000) or more. For the purposes of this provision  
17 the following terms shall have the following meanings:

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

24 (2) "Assessed valuation" of any school corporation shall mean the  
25 net assessed value of its real and personal property as of March 1,  
26 1964, adjusted in the same manner as such assessed valuation is  
27 adjusted for each county by the state board of tax commissioners  
28 under Acts 1949, c.247, s.5, as now or hereafter amended, unless  
29 such statute has been repealed or no longer provides for such  
30 adjustment. In the event a county has a county tax, then the  
31 assessed valuation of each school corporation in the county shall  
32 be increased by the amount of assessed valuation, if any, which  
33 would be required to raise an amount of money, equal to the  
34 excess of the amount distributed to any school corporation from  
35 the county tax over the amount collected from such county tax in  
36 such school corporation, using total taxes levied by such school  
37 corporation in terms of rate excluding the countywide tax under  
38 Acts 1959, c.328, s.2, or any similar statute, and including all

1 other taxes levied by or for such school corporation, including but  
2 not limited to the county tax, bond fund levy, lease rental levy,  
3 library fund levy, special school fund levy, tuition ~~fund~~ levy  
4 **(before January 1, 2000)**, capital projects fund levy, and special  
5 funds levies. Such increased valuation shall be based on the  
6 excess distributed to the school corporation from the county tax  
7 levied for the year 1964 and the total taxes levied for such year,  
8 or if the county tax is first applied or is raised for years after 1964,  
9 then the excess distributions and total taxes levied for the year in  
10 which such tax is first applied or raised. In the event such excess  
11 distribution and total taxes levied cannot be determined  
12 accurately on or prior to the adoption of the resolution provided  
13 in this section, excess distribution and taxes levied shall be  
14 estimated by the state board of tax commissioners using the last  
15 preceding assessed valuations and tax rates or such other  
16 information as they shall see fit, certifying such increased  
17 assessment to the state board prior to such time. In all cases, the  
18 excess distribution shall be determined upon the assumption that  
19 the county tax is one hundred percent (100%) collected and all  
20 collections are distributed.

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

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

35 (b) Such community school corporation shall automatically come  
36 into being on either July 1 or January 1 following the date of such  
37 approval, whichever is earlier. The state board shall mail by certified  
38 United States mail, return receipt requested, a copy of such resolution

1 certified by its director or its secretary to the recorder of the county  
 2 from which the county committee having jurisdiction of such existing  
 3 school corporation was appointed and to such county committee. Such  
 4 resolution may change the time of election or appointment of the board  
 5 members of such school corporation or the time such board members  
 6 take office. The recorder shall without cost record such certified  
 7 resolution in the miscellaneous records of the county. Such recording  
 8 shall constitute a permanent record of the action of the state board and  
 9 may be relied on by any person. Unless the resolution otherwise  
 10 provides no interim board member shall be appointed, the board  
 11 members in office on the date of such action shall continue to  
 12 constitute the board of trustees of such school corporation until their  
 13 successors are qualified, and the terms of their respective office and  
 14 board membership shall remain unchanged except to the extent that  
 15 such resolution otherwise provides. For all purposes under this chapter,  
 16 community school corporation shall be regarded as a school  
 17 corporation created under the provisions of section 22 of this chapter.

18 SECTION 40. IC 20-4-5-9 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. (a) Except as  
 20 otherwise provided with respect to the power to issue bonds in section  
 21 10 of this chapter, said school board shall perform the duties and shall  
 22 have all the powers vested in the school board or board of trustees of  
 23 a school city of the class in which the consolidated school corporation  
 24 would fall on the basis of its population according to the last preceding  
 25 United States census under the statutes of this state, if it were organized  
 26 as a school city. In the event, however, such consolidated school  
 27 corporation has a population determined in such manner of less than  
 28 two thousand (2,000), such school board shall perform the duties and  
 29 shall have all the powers vested in the school board of a school town.  
 30 The cost of maintaining such consolidated schools shall be borne by the  
 31 consolidated school corporation as a ~~single tax~~ unit.

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

1 SECTION 41. IC 20-4-8-11 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 11. (a) The board as  
3 above referred to shall make decisions pertaining to the general  
4 conduct of the schools which shall be enforced as entered upon the  
5 minutes recorded by the secretary of the board, and subject to  
6 provisions in this chapter otherwise, shall exercise all powers  
7 previously exercised under the law, by or through township trustees or  
8 meetings or petitions of the township trustees of the county, or county  
9 boards of education previously existing and such offices, namely,  
10 township trustee, county board or county boards of education insofar  
11 as the conduct of public schools is concerned are abolished as of noon  
12 on the day and date the county school corporation is created and comes  
13 into existence under this chapter.

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

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

32 (d) School corporations shall be vested with all rights, titles, and  
33 interests of their respective predecessor township and town school  
34 corporations terminated; and in all the real, personal, and other  
35 property of any nature and from whatever source derived, and shall  
36 assume, pay, and be liable for all the indebtedness, obligations, and  
37 liabilities and duties of the predecessor corporations from whatever  
38 source derived and however arising, and shall institute and defend suits

1 arising out of aforesaid liabilities, obligations, duties, and rights  
2 assumed as a county school corporation.

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

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

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

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

32 SECTION 42. IC 20-4-8-21 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 21. (a) The board as  
34 referred to in this chapter shall make decisions pertaining to the general  
35 conduct of the schools which shall be enforced as entered upon the  
36 minutes recorded by the secretary of the board, and, subject to this  
37 chapter, shall exercise all powers previously exercised under the law,  
38 by or through township trustees or meetings or petitions of the

1 township trustees of the county, ~~and/or~~ ~~or~~ county boards of education  
2 previously existing, and such offices, namely township trustee, county  
3 board ~~and/or~~ ~~or~~ county boards of education insofar as the conduct of  
4 public schools is concerned are hereby abolished as of noon on the day  
5 and date the metropolitan school district is created and comes into  
6 existence.

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

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

27 (d) Such school districts shall be vested with all rights, titles, and  
28 interests of their respective predecessor township and town school  
29 corporations hereby terminated and in all the real, personal, and other  
30 property of any nature and from whatever source derived, and shall  
31 assume, pay, and be liable for all the indebtedness, obligations, and  
32 liabilities and duties of said predecessor corporations from whatever  
33 source derived and however arising and shall institute and defend suits  
34 arising out of aforesaid liabilities, obligations, duties, and rights  
35 assumed as a metropolitan school district.

36 (e) The treasurer, before entering upon the duties of his office, shall  
37 execute a bond to the acceptance of the county auditor which shall in  
38 no event be greater than the largest sum of money that will be in the

1 possession of the treasurer at any one (1) time. The board of education  
2 may purchase said bond from a reliable surety company and pay for it  
3 out of the special school revenue of the metropolitan district.

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

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

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

22 SECTION 43. IC 20-4-16-1 IS AMENDED TO READ AS  
23 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. As used in this  
24 chapter, the following terms shall have the following meanings:

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

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

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

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

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

38 SECTION 44. IC 20-5-4-6 IS AMENDED TO READ AS

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 45. 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~~

1 ~~money~~ estimated to be ~~collected or received for and distributed to in~~  
2 the fund at **not later than** the December settlement.

3 (e) At each settlement, the amount of ~~taxes and state tuition support~~  
4 ~~distributions~~ **money** estimated to be ~~collected or received for and~~  
5 ~~distributed to in~~ the fund includes any allocations to the fund from the  
6 property tax replacement fund.

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

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

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

30 SECTION 46. IC 20-5-13-9 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. (a) All school cities,  
32 school townships, school towns, and joint districts are hereby  
33 authorized to establish, equip, operate, and maintain school kitchens  
34 and school lunch rooms, for the improvement of the health of the  
35 school children attending school therein, and for the advancement of  
36 the educational work of their respective schools; to employ all  
37 necessary directors, assistants, and agents; and appropriate funds of  
38 such school corporations for such purpose. Such participation in a

1 school lunch program pursuant to the provisions of this chapter shall  
2 be discretionary with the governing board of any school corporation.

3 (b) In the event that federal funds are not available for the purpose  
4 of carrying on a school lunch program, the state of Indiana shall not  
5 participate in such school lunch program and any money appropriated  
6 by the state of Indiana for such purpose, and not expended, shall  
7 immediately revert to the state general fund. Failure on the part of the  
8 state of Indiana to participate in the school lunch program shall not  
9 invalidate any appropriation made or school lunch program carried on  
10 by any school corporation by means of gifts or **other money raised by**  
11 **tax levy pursuant to the provisions of this chapter available** for the  
12 purpose of such school lunch program.

13 SECTION 47. IC 20-5-17.5-2 (CURRENT VERSION) IS  
14 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]:  
15 Sec. 2. (a) This subsection does not apply to a school corporation in a  
16 county having a population of more than two hundred thousand  
17 (200,000) but less than three hundred thousand (300,000). The  
18 governing body of a school corporation may annually **levy and**  
19 **appropriate**, from its general fund, a sum **of that does not more than**  
20 **exceed the amount that would be raised by a property tax rate of**  
21 **one and one-half cents (\$0.015) on each one hundred dollars (\$100) of**  
22 **assessed valuation in the school corporation to be paid to a historical**  
23 **society, subject to subsection (c).**

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

1 annually appropriate the money in the fund to be paid in semiannual  
2 installments to a historical society having facilities in the county.

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

5 (1) the governing body of the school corporation to appoint its  
6 superintendent and one (1) of its history teachers as visitors, with  
7 the privilege of attending all meetings of the society's governing  
8 board;

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

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

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

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

18 SECTION 48. IC 20-5-17.5-2, AS AMENDED BY P.L.6-1997,  
19 SECTION 180 (DELAYED VERSION), IS AMENDED TO READ AS  
20 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 2. (a) This  
21 subsection does not apply to a school corporation in a county having a  
22 population of more than two hundred thousand (200,000) but less than  
23 three hundred thousand (300,000). The governing body of a school  
24 corporation may annually **levy and** appropriate, from its general fund,  
25 a sum ~~of that does~~ **not exceed the amount that would be raised by**  
26 **a property tax rate of** more than five-tenths of one cent (\$0.005) on  
27 each one hundred dollars (\$100) of assessed valuation in the school  
28 corporation to be paid to a historical society, subject to subsection (c).

29 (b) This subsection applies only to a school corporation in a county  
30 having a population of more than two hundred thousand (200,000) but  
31 less than three hundred thousand (300,000). To provide funding for a  
32 historical society under this section, the governing body of a school  
33 corporation may impose a **property tax rate** of not more than  
34 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of  
35 assessed valuation in the school corporation. This tax is not subject to  
36 the tax levy limitations imposed on the school corporation by  
37 IC 6-1.1-19-1.5 (**repealed January 1, 2000**) or the provisions of  
38 IC 21-2-11-8 (**repealed January 1, 2000**). The school corporation

1 shall deposit the proceeds of the tax in a fund to be known as the  
 2 historical society fund. The historical society fund is separate and  
 3 distinct from the school corporation's general fund and may be used  
 4 only for the purpose of providing funds for a historical society under  
 5 this section. Subject to subsection (c), the governing body of the school  
 6 corporation may annually appropriate the money in the fund to be paid  
 7 in semiannual installments to a historical society having facilities in the  
 8 county.

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

11 (1) the governing body of the school corporation to appoint its  
 12 superintendent and one (1) of its history teachers as visitors, with  
 13 the privilege of attending all meetings of the society's governing  
 14 board;

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

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

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

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

24 SECTION 49. IC 20-5-17.5-3 (CURRENT VERSION) IS  
 25 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]:

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

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

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

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

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

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

38 (b) In order to provide funding for an art association under this

1 section, the governing body of a school corporation may impose a tax  
2 of not more than one and one-half cents (\$0.015) on each one hundred  
3 dollars (\$100) of assessed valuation in the school corporation. This tax  
4 is not subject to the tax levy limitations imposed on the school  
5 corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2000**) or the  
6 provisions of IC 21-2-11-8 (**repealed January 1, 2000**).

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

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

18 (1) the governing body of the school corporation to appoint its  
19 superintendent and its director of art instruction as visitors, with  
20 the privilege of attending all meetings of the association's  
21 governing board;

22 (2) the governing body of the school corporation to nominate  
23 persons for membership on the association's governing board,  
24 with at least two (2) of the nominees to be elected;

25 (3) the school corporation to use any of the association's facilities  
26 and equipment for educational purposes consistent with the  
27 association's purposes;

28 (4) the students and teachers of the school corporation to tour the  
29 association's museum and galleries free of charge;

30 (5) the school corporation to borrow materials from the  
31 association for temporary exhibit in the schools;

32 (6) the teachers of the school corporation to receive normal  
33 instruction in the fine and applied arts at half the regular rates  
34 charged by the association; and

35 (7) the school corporation to expect such exhibits in the  
36 association's museum as will supplement the work of the students  
37 and teachers of the corporation.

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

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

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

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

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

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

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

28 (b) In order to provide funding for an art association under this  
29 section, the governing body of a school corporation may impose a tax  
30 of not more than five-tenths of one cent (\$.005) on each one hundred  
31 dollars (\$100) of assessed valuation in the school corporation. This tax  
32 is not subject to the tax levy limitations imposed on the school  
33 corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2000**) or the  
34 provisions of IC 21-2-11-8 (**repealed January 1, 2000**).

35 (c) The school corporation shall deposit the proceeds of the tax  
36 imposed under subsection (b) in a fund to be known as the art  
37 association fund. The art association fund is separate and distinct from  
38 the school corporation's general fund and may be used only for the

1 purpose of providing funds for an art association under this section.  
2 The governing body of the school corporation may annually  
3 appropriate the money in the fund to be paid in semiannual installments  
4 to an art association having facilities in a city that is listed in subsection  
5 (a), subject to subsection (d).

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

8 (1) the governing body of the school corporation to appoint its  
9 superintendent and its director of art instruction as visitors, with  
10 the privilege of attending all meetings of the association's  
11 governing board;

12 (2) the governing body of the school corporation to nominate  
13 persons for membership on the association's governing board,  
14 with at least two (2) of the nominees to be elected;

15 (3) the school corporation to use any of the association's facilities  
16 and equipment for educational purposes consistent with the  
17 association's purposes;

18 (4) the students and teachers of the school corporation to tour the  
19 association's museum and galleries free of charge;

20 (5) the school corporation to borrow materials from the  
21 association for temporary exhibit in the schools;

22 (6) the teachers of the school corporation to receive normal  
23 instruction in the fine and applied arts at half the regular rates  
24 charged by the association; and

25 (7) the school corporation to expect such exhibits in the  
26 association's museum as will supplement the work of the students  
27 and teachers of the corporation.

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

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

35 (f) Whenever more than one (1) art association in a city that is listed  
36 in subsection (a) qualifies to receive payments under this section, the  
37 governing body of the school corporation shall select the one (1) art  
38 association best qualified to perform the services described by

1 subsection (c). A school corporation may select only one (1) art  
2 association to receive payments under this section.

3 SECTION 51. IC 20-5-62-6, AS AMENDED BY P.L.34-1996,  
4 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 1998]: Sec. 6. Except as provided in this chapter and  
6 notwithstanding any other law, a freeway school corporation or a  
7 freeway school may do the following during the contract period:

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

10 (2) Lease school transportation equipment to others for nonschool  
11 use when the equipment is not in use for a school corporation  
12 purpose, if the lessee has not received a bid from a private entity  
13 to provide transportation equipment or services for the same  
14 purpose.

15 (3) Replace the budget and accounting system that is required by  
16 law with a budget or accounting system that is frequently used in  
17 the private business community. The state board of accounts may  
18 not go beyond the requirements imposed upon the state board of  
19 accounts by statute in reviewing the budget and accounting  
20 system used by a freeway school corporation or a freeway school.

21 (4) Establish a professional development and technology fund to  
22 be used for:

23 (A) professional development; or

24 (B) technology, including video distance learning.

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

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

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

34 (i) **before January 1, 2000**, the sum of the property tax rates  
35 for the general fund and the school transportation fund after  
36 a transfer occurs under this subdivision may not exceed the  
37 sum of the property tax rates for the general fund and the  
38 school transportation fund before a transfer occurs under

1           this subdivision; **and**  
 2           **(ii) after December 31, 1999, the property tax rate for**  
 3           **the school transportation fund after a transfer occurs**  
 4           **under this subdivision may not exceed the property tax**  
 5           **rate for the school transportation fund after a transfer**  
 6           **occurs under this subdivision.**

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

- 9           (i) capital projects fund (established under IC 21-2-15); or
- 10          (ii) debt service fund (established under IC 21-2-4).

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

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

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

18           (C) Results of assessments under a locally adopted assessment  
 19           program are subject to the same reporting requirements as  
 20           results under the ISTEP program.

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

25          SECTION 52. IC 20-8.1-6.1-8, AS AMENDED BY  
 26          P.L.260-1997(ss), SECTION 58, IS AMENDED TO READ AS  
 27          FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) As used in this  
 28          section, the following terms have the following meanings:

29           (1) "Class of school" refers to a classification of each school or  
 30           program in the transferee corporation by the grades or special  
 31           programs taught at the school. Generally, these classifications are  
 32           denominated as kindergarten, elementary school, middle school  
 33           or junior high school, high school, and special schools or classes,  
 34           such as schools or classes for special education, vocational  
 35           training, or career education.

36           (2) "ADM" means the following:

37           (A) For purposes of allocating to a transfer student state  
 38           distributions under IC 21-1-30 (primetime), "ADM" as

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

1 in the transferee school's ADM for a school year, allocate to the  
 2 transfer student a proportionate share of the following general  
 3 fund revenues of the transferee school for, except as provided in  
 4 clause (C), the calendar year in which the school year ends:

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (A) zero (0); or

30 (B) the result of subtracting the STEP TWO amount from the  
 31 STEP ONE amount.

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

38 (c) Operating costs shall be determined for each class of school

1 where a transfer student is enrolled. The operating cost for each class  
 2 of school is based on the total expenditures of the transferee  
 3 corporation for the class of school from its general fund expenditures  
 4 as specified in the classified budget forms prescribed by the state board  
 5 of accounts. This calculation excludes:

- 6 (1) capital outlay;
- 7 (2) debt service;
- 8 (3) costs of transportation;
- 9 (4) salaries of board members;
- 10 (5) contracted service for legal expenses; and
- 11 (6) any expenditure which is made out of the general fund from  
 12 extracurricular account receipts;

13 for the school year.

14 (d) The capital cost of special equipment for a school year is equal  
 15 to:

- 16 (1) the cost of the special equipment; divided by
- 17 (2) the product of:
  - 18 (A) the useful life of the special equipment, as determined
  - 19 under the rules adopted by the Indiana state board of
  - 20 education; multiplied by
  - 21 (B) the number of students using the special equipment during
  - 22 at least part of the school year.

23 (e) When an item of expense or cost described in subsection (c)  
 24 cannot be allocated to a class of school, it shall be prorated to all  
 25 classes of schools on the basis of the pupil enrollment of each class in  
 26 the transferee corporation compared to the total pupil enrollment in the  
 27 school corporation.

28 (f) Operating costs shall be allocated to a transfer student for each  
 29 school year by dividing:

- 30 (1) the transferee school corporation's operating costs for the class  
 31 of school in which the transfer student is enrolled; by
- 32 (2) the pupil enrollment of the class of school in which the  
 33 transfer student is enrolled.

34 When a transferred student is enrolled in a transferee corporation for  
 35 less than the full school year of pupil attendance, the transfer tuition  
 36 shall be calculated by the portion of the school year for which the  
 37 transferred student is enrolled. A school year of pupil attendance  
 38 consists of the number of days school is in session for pupil attendance.

1 A student, regardless of the student's attendance, is enrolled in a  
2 transferee school unless the student is no longer entitled to be  
3 transferred because of a change of residence, the student has been  
4 excluded or expelled from school for the balance of the school year or  
5 for an indefinite period, or the student has been confirmed to have  
6 withdrawn from school. The transferor and the transferee corporation  
7 may enter into written agreements concerning the amount of transfer  
8 tuition due in any school year. Where an agreement cannot be reached,  
9 the amount shall be determined by the Indiana state board of education,  
10 and costs may be established, when in dispute, by the state board of  
11 accounts.

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

- 14 (1) the total amount of revenues received; by  
15 (2) the ADM of the transferee school for the school year that ends  
16 in the calendar year in which the revenues are received.

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

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

31 (i) If the school corporation can meet the requirements of  
32 IC 21-1-30-5, it may negotiate transfer tuition agreements with a  
33 neighboring school corporation that can accommodate additional  
34 students. Agreements under this section may be for one (1) year or  
35 longer and may fix a method for determining the amount of transfer  
36 tuition or time of payment that is different from the method, amount,  
37 or time of payment that is provided in this section or section 9 of this  
38 chapter. A school corporation may not transfer a student under this

1 section without the prior approval of the child's parent or guardian.

2 (j) **This subsection applies only to property taxes first due and**  
 3 **payable before January 1, 2000.** If a school corporation experiences  
 4 a net financial impact with regard to transfer tuition that is negative for  
 5 a particular school year as described in IC 6-1.1-19-5.1 (**repealed**  
 6 **January 1, 2000**), the school corporation may appeal for an excessive  
 7 **levy tax** as provided under IC 6-1.1-19-5.1 (**repealed January 1,**  
 8 **2000**).

9 SECTION 53. IC 20-8.1-6.5-4 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 4. (a) Where a transfer  
 11 is ordered to commence in a school year, where the transferor  
 12 corporation has net additional costs over savings (on account of any  
 13 transfer ordered) allocable to the calendar year in which the school year  
 14 begins, and where the transferee corporation has no budgeted funds for  
 15 such net additional costs, they may be recovered by one (1) or more of  
 16 the following methods in addition to any other methods provided by  
 17 applicable law:

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

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

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

26 (b) The net additional costs shall be certified by the state board of  
 27 tax commissioners and any grant shall be made solely after affirmative  
 28 recommendation of the tax control board created by IC 6-1.1-19-4.1.  
 29 Repayment of any advance or loan from the state shall be made in  
 30 accordance with IC 6-1.1-19-4.5(d) (**repealed January 1, 2000**) and  
 31 **IC 6-1.1-19-4.4(c)**. ~~The~~ Use of any of the methods enumerated above  
 32 shall not subject the transferor corporation to the provisions of  
 33 IC 6-1.1-19-4.7 (**repealed January 1, 2000**).

34 SECTION 54. IC 20-8.1-6.5-9 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. ~~Transportation Costs~~  
 36 ~~State Reimbursement~~. Transportation costs for transferred students  
 37 for each calendar year or for capital outlay and for operations shall be  
 38 reimbursed by the state to the transferor corporation in the same

1 percent of the total outlay which the distributions to the transferor  
 2 corporation under IC 1971, 21-3-1.5-3, or from the state flat grant  
 3 distribution account where it is credited to the general transportation  
 4 fund constitute of its total annual general transportation fund  
 5 appropriations for such year. In this calculation there shall be excluded  
 6 from general transportation fund appropriations capital outlay and  
 7 debt service. and any expenditure which is made out of the general  
 8 fund from extracurricular accounts. Any amount not thus reimbursed  
 9 and raised as part of the transferor corporation's general fund levy shall  
 10 constitute an increase in its base tax levy for such budget year, as  
 11 otherwise defined and as applied in IC 6-1.1-1-16. and IC 6-1.1-1-19. In  
 12 no event shall the state reimbursement for transportation operating  
 13 expense to the transferor corporation be less than it would receive  
 14 under applicable law without regard to this section.

15 SECTION 55. IC 20-8.1-7-18 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 18. (a) Whenever the  
 17 test required under section 17 of this chapter discloses that the hearing  
 18 of any child is impaired and the child cannot be taught advantageously  
 19 in regular classes, the governing body of the school corporation shall  
 20 provide appropriate remedial measures and correctional devices. The  
 21 governing body shall advise the child's parents of the proper medical  
 22 care, attention, and treatment needed. The governing body shall  
 23 provide approved mechanical auditory devices and prescribe courses  
 24 in lip reading by qualified, competent and approved instructors. The  
 25 superintendent of public instruction and the head of the rehabilitative  
 26 services bureau of the division of disability, aging, and rehabilitative  
 27 services shall cooperate with school corporations to provide this  
 28 assistance; they shall also provide advice and information to assist  
 29 school corporations in complying with this section. The local governing  
 30 body may adopt rules and regulations for the administration of this  
 31 section.

32 (b) Each school corporation may receive and accept bequests and  
 33 donations for immediate use or as trusts or endowments to assist in  
 34 meeting costs and expenses incurred in complying with the  
 35 requirements of this section. When funds for the full payment of these  
 36 expenses are not otherwise available, in any school corporation, any  
 37 unexpended balance in the state treasury which is available for the use  
 38 of local schools and is otherwise unappropriated may be loaned to the

1 school corporation for that purpose by the governor. Any loan made by  
 2 the governor under this section shall be repaid to the fund in the state  
 3 treasury from which it came within two (2) years after the date it was  
 4 advanced. These loans shall be repaid **before January 1, 2000,**  
 5 **through the levying of taxes in the borrowing and, after December 31,**  
 6 **1999, from funds available to the school corporation. If the advance**  
 7 **is not repaid, the amount due may be withheld from the**  
 8 **distribution of other state funds to the school corporation to which**  
 9 **the advance is made.**

10 SECTION 56. IC 20-9.1-1-3 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. ~~Definition, "Private~~  
 12 ~~School"~~: As used in this article, the term "private school" means any  
 13 school ~~which is not supported and maintained by funds realized from~~  
 14 ~~the imposition of a tax on property, income or sales: that is not a~~  
 15 **school corporation (as defined in IC 36-1-2-17).**

16 SECTION 57. IC 20-10.1-6.5-1, AS AMENDED BY P.L.1-1994,  
 17 SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 1998]: Sec. 1. As used in this chapter:

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

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

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

26 SECTION 58. IC 21-2-3.1-1 IS AMENDED TO READ AS  
 27 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. This chapter applies  
 28 if a township board finds, at an annual or special meeting of the board,  
 29 that:

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

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

35 SECTION 59. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE  
 36 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
 37 1, 1998]: **Sec. 7. A school corporation shall annually levy a sum**  
 38 **sufficient to meet all payments of principal and interest on debt**

1 **service payable from the debt service fund as the payments mature.**

2 SECTION 60. IC 21-2-5.6-3 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. Subject to the  
4 approval of the commissioner of the department of insurance, the  
5 governing body of the school corporation may:

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

8 (A) the general fund budget; and

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

11 (2) transfer monies from the general fund to the self-insurance  
12 fund; or

13 (3) appropriate monies from the general fund for the  
14 self-insurance fund.

15 SECTION 61. IC 21-2-11-2 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. The governing body  
17 of each school corporation in the state of Indiana shall establish a  
18 general fund for the operation and maintenance of local schools. ~~and~~  
19 **The governing body shall levy a tax therefor in calendar years**  
20 **before January 1, 2000. Except as otherwise provided by statute,**  
21 ~~all receipts and disbursements heretofore authorized by law for school~~  
22 ~~funds and tax levies for the tuition fund; special school fund; special~~  
23 ~~fund; vocational fund; recreation fund; compulsory education fund;~~  
24 ~~school library fund; high school library fund; public employee's~~  
25 ~~retirement fund; operating fund; transportation tax and county wide~~  
26 ~~school tax shall on and after January 1, 1968; be received in and~~  
27 ~~disbursed from the general fund.~~ **For property taxes first due and**  
28 **payable before January 1, 2000, the tax levy and rate for the general**  
29 ~~fund shall be established by the governing body of each school~~  
30 ~~corporation. for the 1968 calendar year and all succeeding calendar~~  
31 ~~years. Any balances of all the aforesaid funds on January 1, 1968 shall~~  
32 ~~be transferred to the general fund.~~ **The general assembly declares**  
33 **that sufficient tax revenues and distributions will be provided after**  
34 **December 31, 1999, so that each school corporation will be eligible**  
35 **to receive for its general fund an amount at least equal to the**  
36 **amount that the school corporation received in the immediately**  
37 **preceding year.**

38 SECTION 62. IC 21-2-11-5 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. Any self supporting  
 2 programs maintained by any school corporation, including but not  
 3 limited to school lunch and rental or sale of textbooks, may be  
 4 established as separate funds, separate and apart from the general fund,  
 5 if no **state distributions under IC 21-3-1.7** or local tax rate is  
 6 ~~established therefor:~~ **funds are involved.**

7 SECTION 63. IC 21-2-11-6 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 6. Moneys received by  
 9 any school corporation for a specific purpose or purposes, by gift,  
 10 endowment or pursuant to any federal statute, may be accounted for by  
 11 establishing separate funds, separate and apart from the general fund,  
 12 if no **state distributions under IC 21-3-1.7** or local tax funds are  
 13 involved. ~~Provided, That~~ No such funds shall be accepted unless the  
 14 terms of the gift, endowment or payment, and the acceptance thereof,  
 15 are so stated that the officers of the school corporation are not divested  
 16 of any right or authority which they ~~now have or may hereafter be~~ **are**  
 17 granted by law. Such moneys so received for specific purposes, and any  
 18 earnings thereon, may be disbursed without appropriation.

19 SECTION 64. IC 21-2-11.5-5 IS ADDED TO THE INDIANA  
 20 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
 21 [EFFECTIVE JULY 1, 1998]: **Sec. 5. A school corporation shall**  
 22 **annually levy a sum sufficient to meet all payments of principal**  
 23 **and interest on obligations payable from the transportation fund**  
 24 **as the payments mature.**

25 SECTION 65. IC 21-2-15-15 IS ADDED TO THE INDIANA  
 26 CODE AS A **NEW SECTION** TO READ AS FOLLOWS  
 27 [EFFECTIVE JULY 1, 1998]: **Sec. 15. A school corporation shall**  
 28 **annually levy a sum sufficient to meet all payments of principal**  
 29 **and interest on obligations payable from the capital projects fund**  
 30 **as the payments mature.**

31 SECTION 66. IC 21-4-20-1 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. Whenever it is found  
 33 by the board of school trustees or other proper authorities of any school  
 34 city or school town that an emergency exists for the borrowing of  
 35 money with which to meet the current expenses of the schools of such  
 36 school town or school city, the board of school trustees or other proper  
 37 authorities of such school city or school town may make temporary  
 38 loans in anticipation of the current revenues of such school town or

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

19 SECTION 67. IC 32-9-1.5-16, AS ADDED BY P.L.31-1995,  
 20 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JULY 1, 1998]: Sec. 16. For purposes of section 49 of this chapter,  
 22 "political subdivision" includes any Indiana municipality, county, civil  
 23 township, civil incorporated city or town, ~~public~~ school corporation (**as**  
 24 **defined in IC 36-1-2-17**), university or college supported in part by  
 25 state funds, or any other territorial subdivision of the state recognized  
 26 or designated in any law, including judicial circuits, a public utility  
 27 entity not privately owned, special taxing district or entity, and public  
 28 improvement district authority or entity authorized to levy taxes or  
 29 assessments. The term does not include any retirement system  
 30 supported entirely or in part by the state.

31 SECTION 68. IC 36-1-2-2 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. "Bonds" means any  
 33 evidences of indebtedness, whether payable from property taxes,  
 34 revenues, or any other source. ~~but~~ **However, the term** does not include  
 35 notes or warrants representing temporary loans that are payable out of:

- 36 (1) taxes levied and in the course of collection; **or**  
 37 (2) **other deposits in the general fund of a school corporation.**

38 SECTION 69. IC 36-7-15.1-26.9 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 26.9. (a) The  
2 definitions set forth in section 26.5 of this chapter apply to this section.

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

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

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

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

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

36 (e) The amount by which a taxing unit's levy is adjusted as a result  
37 of the county auditor's adjustment of assessed valuation under  
38 subsection (d), and the amount of the levy that is used to make direct

1 payments to taxpayers under section 26.5(h) of this chapter, is not part  
 2 of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to  
 3 IC 6-1.1-20.

4 (f) The ad valorem property tax levy limits imposed by  
 5 IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1, 2000**) do  
 6 not apply to ad valorem property taxes imposed that are used to offset  
 7 the effect of paying personal property taxes into an allocation area  
 8 special fund during the taxable year under subsection (d) or to make  
 9 direct payments to taxpayers under section 26.5(h) of this chapter. For  
 10 purposes of computing the ad valorem property tax levy limits imposed  
 11 under IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1,**  
 12 **2000**), a taxing unit's ad valorem property tax levy for a particular  
 13 calendar year does not include that part of the levy imposed to offset  
 14 the effect of paying personal property taxes into an allocation area  
 15 special fund under subsection (d) or to make direct payments to  
 16 taxpayers under section 26.5(h) of this chapter.

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

19 (1) are subject to any pledge of allocated property tax proceeds  
 20 made by the redevelopment district under section 26(d) of this  
 21 chapter, including but not limited to any pledge made to owners  
 22 of outstanding bonds of the redevelopment district of allocated  
 23 taxes from that area; and

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

26 SECTION 70. THE FOLLOWING ARE REPEALED [EFFECTIVE  
 27 JANUARY 1, 2000]: IC 6-1.1-19-1; IC 6-1.1-19-1.5; IC 6-1.1-19-1.7;  
 28 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;  
 29 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;  
 30 IC 6-1.1-34; IC 20-3-11-18; IC 20-4-1-26.9; IC 20-4-8-23;  
 31 IC 21-2-11-8; IC 21-2-12; IC 21-2-13; IC 21-2-14.

32 SECTION 71. [EFFECTIVE JULY 1, 1998]: (a) **As used in this**  
 33 **SECTION, "balance" means the unencumbered balance in a**  
 34 **school corporation's levy excess fund on January 1, 2000.**

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

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

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

9           (e) A school corporation may use money in its levy excess fund  
10 for a lawful purpose for which money in its other funds may be  
11 used.

12           SECTION 72. [EFFECTIVE JANUARY 1, 1998  
13 (RETROACTIVE)]: IC 6-3-1-3.5 and IC 6-5.5-1-1-2, both as  
14 amended by this act, apply to taxable years beginning after  
15 December 31, 1997."

16           Page 2, delete lines 1 through 40.

17           Renumber all SECTIONS consecutively.

(Reference is to HB 1001 as reprinted January 15, 1998.)

**and when so amended that said Bill do pass.**

Committee Vote: Yeas 10, Nays 5.

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**Senator Borst, Chairperson**