



Reprinted
April 6, 1999

ENGROSSED HOUSE BILL No. 1681

DIGEST OF HB 1681 (Updated April 5, 1999 5:05 pm - DI 73)

Citations Affected: IC 20-5; IC 21-2; IC 36-1; noncode.

Synopsis: Teacher retirement and professional development grant program. Authorizes certain school corporations to issue bonds to implement solutions to contractual retirement or severance liability. Provides that those school corporation may issue bonds for this purpose only one time and that the bonds must be issued before November 1, 1999. Requires a reduction in other property tax levies to offset the debt service levy needed. Creates a professional development grant
(Continued next page)

Effective: July 1, 1999.

**Klinker, Porter, Scholer, Behning,
Smith V, Bosma, Robertson**

(SENATE SPONSORS — WEATHERWAX, ROGERS, LUBBERS, BOWSER)

January 21, 1999, read first time and referred to Committee on Education.
February 10, 1999, reported — Do Pass; referred to Committee on Ways and Means.
March 1, 1999, amended, reported — Do Pass.
March 4, 1999, read second time, amended, ordered engrossed.
March 5, 1999, engrossed.
March 8, 1999, read third time, passed. Yeas 77, nays 19.

SENATE ACTION

March 11, 1999, read first time and referred to Committee on Education.
March 18, 1999, reassigned to Committee on Finance.
March 29, 1999, reported favorably — Do Pass.
April 5, 1999, read second time, amended, ordered engrossed.

EH 1681—LS 6869/DI 71+



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program, administered by the Indiana state board of education, to provide grants for public schools for professional development activities. Requires a school to develop a professional development plan to be eligible to obtain a grant. Provides criteria for plan development and the evaluation of plans. Authorizes school corporations to establish retirement and severance liability stabilization funds and to transfer money to those funds from their general funds. Provides that money transferred to those funds may not be expended or transferred for five years. Allows a political subdivision to donate proceeds from riverboat gaming to public school endowment corporations that meet certain conditions.

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April 6, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

ENGROSSED HOUSE BILL No. 1681

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

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

1 SECTION 1. IC 20-5-4-1.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1999]: **Sec. 1.5. (a) For purposes of this section, "retirement or**
4 **severance liability" means the payments anticipated to be required**
5 **to be made to employees of a school corporation upon or after the**
6 **termination of their employment by the school corporation under**
7 **an existing or previous employment agreement.**

8 **(b) In addition to the purposes set forth in section 1 of this**
9 **chapter, school corporations located in a county having a**
10 **population of more than two hundred thousand (200,000) but less**
11 **than three hundred thousand (300,000) may issue bonds to**
12 **implement solutions to contractual retirement or severance**
13 **liability. The issuance of bonds for this purpose is subject to the**
14 **following limitations:**

- 15 **(1) A school corporation may issue bonds for the purpose**
16 **described in this section only one (1) time.**
17 **(2) The solution to which the bonds are contributing must be**

EH 1681—LS 6869/DI 71+



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- 1 reasonably expected to reduce the school corporation's
 2 existing unfunded contractual liability for retirement or
 3 severance payments.
- 4 (3) The amount of the bonds that may be issued for the
 5 purpose described in this section may not exceed two percent
 6 (2%) of the total assessed valuation of property in the school
 7 corporation.
- 8 (4) Each year that a debt service levy is needed under this
 9 section, the school corporation shall reduce its total property
 10 tax levy for the school corporation's other funds in an
 11 amount equal to the property tax levy needed for the debt
 12 service under this section.
- 13 (c) Bonds issued for the purpose described in this section shall
 14 be issued in the same manner as other bonds of the school
 15 corporation.
- 16 (d) Bonds issued under this section must be issued not later
 17 than November 1, 1999. This subsection expires November 2, 1999.
- 18 SECTION 2. IC 20-5-6-9 IS ADDED TO THE INDIANA CODE
 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 20 1, 1999]: **Sec. 9. (a) As used in this section, "public school
 21 endowment corporation" means a corporation that is:**
- 22 (1) organized under the Indiana Nonprofit Corporation Act
 23 of 1991 (IC 23-17);
- 24 (2) organized exclusively for educational, charitable, and
 25 scientific purposes; and
- 26 (3) formed for the purpose of providing educational
 27 resources to:
- 28 (A) a particular school corporation or school
 29 corporations; or
- 30 (B) the schools in a particular geographic area.
- 31 (b) As used in this section, "proceeds from riverboat gaming"
 32 means tax revenue received by a political subdivision under
 33 IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or
 34 county's part of the tax revenue.
- 35 (c) As used in this section, "political subdivision" has the
 36 meaning set forth in IC 36-1-2-13.
- 37 (d) A political subdivision may donate proceeds from riverboat
 38 gaming to a public school endowment corporation under the
 39 following conditions:
- 40 (1) The public school endowment corporation retains all
 41 rights to the donation, including investment powers.
- 42 (2) The public school endowment corporation agrees to

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1 **return the donation to the political subdivision if the**
 2 **corporation:**

- 3 (A) loses the corporation's status as a public charitable
 4 organization;
 5 (B) is liquidated; or
 6 (C) violates any condition of the endowment set by the
 7 fiscal body of the political subdivision.

8 (e) **A public school endowment corporation may distribute**
 9 **both principal and income.**

10 SECTION 3. IC 21-2-19 IS ADDED TO THE INDIANA CODE
 11 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 1999]:

13 **Chapter 19. School Retirement and Severance Liability**
 14 **Stabilization Fund**

15 **Sec. 1. A school corporation may establish a retirement and**
 16 **severance liability stabilization fund.**

17 **Sec. 2. A school corporation may transfer money from the**
 18 **school corporation's general fund to the school corporation's**
 19 **retirement and severance liability stabilization fund.**

20 **Sec. 3. Money transferred to a school corporation's retirement**
 21 **and severance liability stabilization fund:**

- 22 (1) **may be expended only for the purposes of paying**
 23 **retirement or severance liabilities (as defined in IC 20-5-4-**
 24 **1.5); and**
 25 (2) **may not be expended or transferred from the retirement**
 26 **and severance liability stabilization fund earlier than five (5)**
 27 **years after being transferred to the fund.**

28 SECTION 4. IC 36-1-14-1 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) **This section**
 30 **does not apply to donations of proceeds from riverboat gaming to**
 31 **a public school endowment corporation under IC 20-5-6-9.**

32 (b) Notwithstanding IC 8-1.5-2-6(d), a unit may donate the
 33 proceeds from the sale of a utility or facility or from a grant, a gift, a
 34 donation, an endowment, a bequest, or a trust to a foundation under the
 35 following conditions:

- 36 (1) The foundation is a charitable nonprofit community
 37 foundation.
 38 (2) The foundation retains all rights to the donation, including
 39 investment powers.
 40 (3) The foundation agrees to do the following:
 41 (A) Hold the donation as a permanent endowment.
 42 (B) Distribute the income from the donation only to the unit



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1 as directed by resolution of the fiscal body of the unit.
 2 (C) Return the donation to the general fund of the unit if the
 3 foundation:
 4 (i) loses the foundation's status as a public charitable
 5 organization;
 6 (ii) is liquidated; or
 7 (iii) violates any condition of the endowment set by the
 8 fiscal body of the unit.

9 SECTION 5. [EFFECTIVE JULY 1, 1999] (a) **The definitions set
 10 forth in IC 20-5-6-9, as added by this act, apply throughout this
 11 SECTION.**

12 (b) **A donation of proceeds of riverboat gaming to a public
 13 school endowment corporation that:**

- 14 (1) **was made by a political subdivision before July 1, 1999;**
- 15 **and**
- 16 (2) **would have been permitted by IC 20-5-6-9, as added by**
- 17 **this act, if IC 20-5-6-9 had been in effect before July 1, 1999;**
- 18 **is legalized and validated.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Education, to which was referred House Bill 1681, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

and that said bill be referred to the Committee on Ways and Means, per Rule 127.

PORTER, Chair

Committee Vote: yeas 14, nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1681, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, delete lines 30 through 42.

Page 4, delete lines 1 through 11.

Page 4, line 12, delete "Sec. 12." and insert "**Sec 9.**".

Page 4, delete lines 14 through 32.

and when so amended that said bill do pass.

(Reference is to HB 1681 as introduced and as amended by the committee report of the Committee on Education adopted February 10, 1999.)

BAUER, Chair

Committee Vote: yeas 21, nays 1.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1681 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 20-5-4-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 1.5. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.**

(b) In addition to the purposes set forth in section 1 of this chapter, school corporations may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:

(1) A school corporation may issue bonds for the purpose described in this section only one (1) time.

(2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments.

(3) The amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the total assessed valuation of property in the school corporation.

(4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax levy for the school corporation's other funds in an amount equal to the property tax levy needed for the debt service under this section.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation."

Renumber all SECTIONS consecutively.

(Reference is to HB 1681 as printed March 2, 1999.)

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SENATE MOTION

Mr. President: I move that House Bill 1681, currently assigned to the Committee on Education, be reassigned to the Committee on Finance.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred House Bill No. 1681, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to House Bill 1681 as reprinted March 5, 1999.)

BORST, Chairperson

Committee Vote: Yeas 7, Nays 6.

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SENATE MOTION

Mr. President: I move that Engrossed House Bill 1681 be amended to read as follows:

Page 2, delete lines 14 through 42, begin a new paragraph and insert the following:

"SECTION 2. IC 20-5-6-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 9. (a) As used in this section, "public school endowment corporation" means a corporation that is:**

- (1) organized under the Indiana Nonprofit Corporation Act of 1991 (IC 23-17);**
- (2) organized exclusively for educational, charitable, and scientific purposes; and**
- (3) formed for the purpose of providing educational resources to:**

(A) a particular school corporation or school corporations; or

(B) the schools in a particular geographic area.

(b) As used in this section, "proceeds from riverboat gaming" means tax revenue received by a political subdivision under IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or county's part of the tax revenue.

(c) As used in this section, "political subdivision" has the meaning set forth in IC 36-1-2-13.

(d) A political subdivision may donate proceeds from riverboat gaming to a public school endowment corporation under the following conditions:

- (1) The public school endowment corporation retains all rights to the donation, including investment powers.**
- (2) The public school endowment corporation agrees to return the donation to the political subdivision if the corporation:**

(A) loses the corporation's status as a public charitable organization;

(B) is liquidated; or

(C) violates any condition of the endowment set by the fiscal body of the political subdivision.

(e) A public school endowment corporation may distribute both principal and income.

SECTION 3. IC 36-1-14-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 1. (a) This section does not apply to donations of proceeds from riverboat gaming to**

EH 1681—LS 6869/DI 71+



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a public school endowment corporation under IC 20-5-6-9.

(b) Notwithstanding IC 8-1.5-2-6(d), a unit may donate the proceeds from the sale of a utility or facility or from a grant, a gift, a donation, an endowment, a bequest, or a trust to a foundation under the following conditions:

- (1) The foundation is a charitable nonprofit community foundation.
- (2) The foundation retains all rights to the donation, including investment powers.
- (3) The foundation agrees to do the following:
 - (A) Hold the donation as a permanent endowment.
 - (B) Distribute the income from the donation only to the unit as directed by resolution of the fiscal body of the unit.
 - (C) Return the donation to the general fund of the unit if the foundation:
 - (i) loses the foundation's status as a public charitable organization;
 - (ii) is liquidated; or
 - (iii) violates any condition of the endowment set by the fiscal body of the unit.

SECTION 4. [EFFECTIVE JULY 1, 1999] (a) **The definitions set forth in IC 20-5-6-9, as added by this act, apply throughout this SECTION.**

(b) **A donation of proceeds of riverboat gaming to a public school endowment corporation that:**

- (1) **was made by a political subdivision before July 1, 1999; and**
- (2) **would have been permitted by IC 20-5-6-9, as added by this act, if IC 20-5-6-9 had been in effect before July 1, 1999; is legalized and validated."**

Delete pages 3 through 4.

(Reference is to EHB 1681 as printed March 30, 1999.)

BORST

SENATE MOTION

Mr. President: I move that Engrossed House Bill 1681 be amended to read as follows:

Page 4, after line 19, begin a new paragraph and insert:

“SECTION 3. IC 21-2-19 IS ADDED TO THE INDIANA CODE

EH 1681—LS 6869/DI 71+



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AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 19. School Retirement and Severance Liability Stabilization Fund

Sec. 1. A school corporation may establish a retirement and severance liability stabilization fund.

Sec. 2. A school corporation may transfer money from the school corporation's general fund to the school corporation's retirement and severance liability stabilization fund.

Sec. 3. Money transferred to a school corporation's retirement and severance liability stabilization fund:

- (1) may be expended only for the purposes of paying retirement or severance liabilities (as defined in IC 20-5-4-1.5); and
- (2) may not be expended or transferred from the retirement and severance liability stabilization fund earlier than five (5) years after being transferred to the fund."

(Reference is to EHB 1681 as printed March 30, 1999.)

BORST

SENATE MOTION

Mr. President: I move that Engrossed House Bill 1681 be amended to read as follows:

Page 1, line 9, after "school corporations" insert "**located in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000)**".

Page 2, between lines 13 and 14, begin a new paragraph and insert the following:

"(d) Bonds issued under this section must be issued not later than November 1, 1999. This subsection expires November 2, 1999."

(Reference is to EHB 1681 as printed March 30, 1999.)

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