



February 16, 1999

SENATE BILL No. 626

DIGEST OF SB 626 (Updated February 11, 1999 3:45 pm - DI 44)

Citations Affected: Noncode.

Synopsis: Property tax levy appeal for transfer tuition. Provides that the state board of tax commissioners shall allow Union Township School Corporation in Fulton County to increase the school corporation's maximum property tax levy in 2000, 2001, and 2002 to pay for certain transfer tuition costs. Provides, for purposes of calculating state tuition support and general fund property tax levies, a one-time adjustment to the "previous year revenue" of a school corporation participating in the annexation of the Union Township School Corporation.

Effective: July 1, 1999.

Weatherwax

January 25, 1999, read first time and referred to Committee on Finance.
February 15, 1999, amended, reported favorably — Do Pass.

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SB 626—LS 8129/DI 73+



February 16, 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.

SENATE BILL No. 626

A BILL FOR AN ACT concerning taxation.

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

1 SECTION 1. [EFFECTIVE JULY 1, 1999] (a) **This SECTION**
2 **applies only to a school corporation:**

3 (1) **that is located in a county having a population of more**
4 **than eighteen thousand eight hundred twenty (18,820) but less**
5 **than eighteen thousand nine hundred (18,900);**

6 (2) **that adopts a resolution under which the school**
7 **corporation will cease to exist on July 1, 2001; and**

8 (3) **in which all of the students of the school corporation**
9 **transfer each year from the school corporation to a transferee**
10 **school corporation.**

11 (b) **Notwithstanding IC 6-1.1-19, a school corporation may**
12 **appeal to the state board of tax commissioners for an increase in**
13 **the school corporation's maximum permissible levy for property**
14 **taxes payable in 2000, 2001, and 2002.**

15 (c) **For property taxes payable in 2000, if a school corporation**
16 **makes an appeal under this SECTION, the state board of tax**
17 **commissioners shall grant an increase in the school corporation's**
18 **maximum permissible levy equal to the sum of the following:**

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- 1 (1) The greater of zero (0) or the difference between:
 2 (A) the school corporation's total transfer tuition
 3 obligation for the school year beginning after June 30,
 4 1998; minus
 5 (B) the sum of:
 6 (i) the total tuition support (as defined in IC 21-3-1.7-4)
 7 received by the school corporation in 1999; plus
 8 (ii) the tuition support levy (as defined in IC 21-3-1.7-5)
 9 collected by the school corporation in 1999; plus
 10 (iii) any state distributions received by the school
 11 corporation under IC 21-3-1.7-9.5 (enrollment growth),
 12 IC 21-3-1.7-9.7 (at-risk), IC 21-3-1.7-9.8 (academic
 13 honors diploma), IC 21-3-10 (special education), or
 14 IC 21-3-4.5 (ADA flat grant) in 1999; plus
 15 (iv) the excise tax revenue (as defined in IC 21-3-1.7-2)
 16 received by the school corporation in 1999.
- 17 (2) The greater of zero (0) or the difference between:
 18 (A) an estimate of the school corporation's total transfer
 19 tuition obligation for the school year beginning after June
 20 30, 1999; minus
 21 (B) an estimate of the sum of:
 22 (i) the total tuition support (as defined in IC 21-3-1.7-4)
 23 that the school corporation will receive in 2000; plus
 24 (ii) the tuition support levy (as defined in IC 21-3-1.7-5)
 25 that is imposed by the school corporation for 2000; plus
 26 (iii) any state distributions that the school corporation
 27 will receive under IC 21-3-1.7-9.5 (enrollment growth),
 28 IC 21-3-1.7-9.7 (at-risk), IC 21-3-1.7-9.8 (academic
 29 honors diploma), IC 21-3-10 (special education), or
 30 IC 21-3-4.5 (ADA flat grant) in 2000; plus
 31 (iv) the excise tax revenue (as defined in IC 21-3-1.7-2)
 32 that the school corporation will receive in 2000.
- 33 (d) For property taxes payable in 2001, if a school corporation
 34 makes an appeal under this SECTION, the state board of tax
 35 commissioners shall grant an increase in the school corporation's
 36 maximum permissible levy equal to the sum of the following:
 37 (1) The greater of zero (0) or the difference between:
 38 (A) the school corporation's total transfer tuition
 39 obligation for the school year beginning after June 30,
 40 1999; minus
 41 (B) the sum of:
 42 (i) the total tuition support (as defined in IC 21-3-1.7-4)



- 1 received by the school corporation in 2000; plus
 2 (ii) the tuition support levy (as defined in IC 21-3-1.7-5)
 3 collected by the school corporation in 2000;
 4 (iii) any state distributions received by the school
 5 corporation under IC 21-3-1.7-9.5 (enrollment growth),
 6 IC 21-3-1.7-9.7 (at-risk), IC 21-3-1.7-9.8 (academic
 7 honors diploma), IC 21-3-10 (special education), or
 8 IC 21-3-4.5 (ADA flat grant) in 2000; plus
 9 (iv) the excise tax revenue (as defined in IC 21-3-1.7-2)
 10 received by the school corporation in 2000; minus
 11 (C) the property tax levy collected by the school
 12 corporation under subsection (c)(2) in 2000.
 13 (2) The greater of zero (0) or the difference between:
 14 (A) an estimate of the school corporation's total transfer
 15 tuition obligation for the school year beginning after June
 16 30, 2000; minus
 17 (B) an estimate of the sum of:
 18 (i) the total tuition support (as defined in IC 21-3-1.7-4)
 19 that the school corporation will receive in 2001; plus
 20 (ii) the tuition support levy (as defined in IC 21-3-1.7-5)
 21 that was imposed by the school corporation for 2001;
 22 (iii) any state distributions that the school corporation
 23 will receive under IC 21-3-1.7-9.5 (enrollment growth),
 24 IC 21-3-1.7-9.7 (at-risk), IC 21-3-1.7-9.8 (academic
 25 honors diploma), IC 21-3-10 (special education), or
 26 IC 21-3-4.5 (ADA flat grant) in 2001; plus
 27 (iv) the excise tax revenue (as defined in IC 21-3-1.7-2)
 28 that the school corporation will receive in 2001.
 29 (e) For property taxes payable in 2002, if a school corporation
 30 makes an appeal under this SECTION, the state board of tax
 31 commissioners shall grant an increase in the school corporation's
 32 maximum permissible levy equal to the greater of zero (0) or the
 33 difference between:
 34 (1) the school corporation's total transfer tuition obligation
 35 for the school year beginning after June 30, 2000; minus
 36 (2) the total amount paid before 2002 for the school
 37 corporation's total transfer tuition obligation for the school
 38 year beginning after June 30, 2000.
 39 (f) Notwithstanding the termination and dissolution of the
 40 school corporation described in subsection (a), the township trustee
 41 of the township in which the school is located may do the following:
 42 (1) Take any action appropriate for winding up the school



1 corporation's affairs under this SECTION or completing
 2 transactions under this SECTION that are unfinished at the
 3 time of the school corporation's termination and dissolution.

4 (2) Impose a tuition support levy for the school corporation
 5 for property taxes first due and payable in 2001. After June
 6 30, 2001, the township trustee is entitled to receive the state
 7 distributions that the school corporation would have received
 8 after June 30, 2001, and before January 1, 2002. The township
 9 trustee must apply these distributions to winding up the
 10 school corporation's affairs, including the payment of any
 11 outstanding transfer tuition obligations of the school
 12 corporation.

13 (3) If there are outstanding transfer tuition obligations
 14 incurred by the school corporation, appeal for and impose a
 15 property tax levy under this SECTION in 2001 and in 2002.

16 (g) To the extent that there are funds remaining after the
 17 winding up of the school corporation's affairs, including the
 18 payment of any outstanding transfer tuition obligations of the
 19 school corporation, the township trustee shall distribute the funds
 20 as specified in the resolution described in subsection (a)(2).

21 (h) The definitions in IC 21-3 apply to this subsection. For the
 22 calendar year following the year in which the school corporation
 23 described in subsection (a) ceases to exist, the previous year
 24 revenue of each school corporation that participates in the
 25 annexation of the school corporation described in subsection (a)
 26 includes, in addition to the amounts otherwise determined under
 27 IC 21-3-1.7-3.1, amounts determined under the following STEPS:

28 **STEP ONE:** Determine, for the school corporation described
 29 in subsection (a), the sum of the following:

30 (A) The school corporation's tuition support for regular
 31 programs, including basic tuition support, for calendar
 32 year 1997, and excluding the special education grant,
 33 vocational grant, at-risk program, and the enrollment
 34 adjustment grant for calendar year 1997.

35 (B) The school corporation's tuition support levy for
 36 calendar year 1997, before the reductions required under
 37 IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

38 (C) The school corporation's excise tax revenue for
 39 calendar year 1996.

40 **STEP TWO:** Determine the current ADM of the school
 41 corporation described in subsection (a) for the school year
 42 ending in calendar year 1997.



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1 **STEP THREE: Divide the STEP ONE result by the STEP**
2 **TWO result.**
3 **STEP FOUR: For each school corporation that participates**
4 **in the annexation of the school corporation described in**
5 **subsection (a), determine the number of students that:**
6 **(A) were included in the calculation of current ADM under**
7 **STEP TWO; and**
8 **(B) were enrolled in the school corporation in the school**
9 **year ending in calendar year 1997.**
10 **STEP FIVE: Multiply the STEP THREE result by the STEP**
11 **FOUR result.**
12 **(i) This SECTION expires January 1, 2003.**
13 **SECTION 2. [EFFECTIVE JULY 1, 1999] This act applies to**
14 **property taxes first due and payable after December 31, 1999.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 626, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, between lines 1 and 2, begin a new line double block indented and insert:

"(A) the school corporation's total transfer tuition obligation for the school year beginning after June 30, 1998; minus".

Page 2, line 2, delete "(A)" and insert "(B)".

Page 2, line 13, delete "; minus" and insert ".".

Page 2, delete lines 14 through 16.

Page 2, between lines 17 and 18, begin a new line double block indented and insert:

"(A) an estimate of the school corporation's total transfer tuition obligation for the school year beginning after June 30, 1999; minus".

Page 2, line 18, delete "(A)" and insert "(B)".

Page 2, line 29, delete "; minus" and insert ".".

Page 2, delete lines 30 through 32.

Page 2, between lines 37 and 38, begin a new line double block indented and insert:

"(A) the school corporation's total transfer tuition obligation for the school year beginning after June 30, 1999; minus".

Page 2, line 38, delete "(A)" and insert "(B)".

Page 3, delete lines 8 through 10.

Page 3, between lines 13 and 14, begin a new line double block indented and insert:

"(A) an estimate of the school corporation's total transfer tuition obligation for the school year beginning after June 30, 2000; minus".

Page 3, line 14, delete "(A)" and insert "(B)".

Page 3, line 25, delete "; minus" and insert ".".

Page 3, delete lines 26 through 28.

Page 4, between lines 20 and 21, begin a new paragraph and insert:

"(h) The definitions in IC 21-3 apply to this subsection. For the calendar year following the year in which the school corporation described in subsection (a) ceases to exist, the previous year revenue of each school corporation that participates in the annexation of the school corporation described in subsection (a)



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includes, in addition to the amounts otherwise determined under IC 21-3-1.7-3.1, amounts determined under the following STEPS:

STEP ONE: Determine, for the school corporation described in subsection (a), the sum of the following:

(A) The school corporation's tuition support for regular programs, including basic tuition support, for calendar year 1997, and excluding the special education grant, vocational grant, at-risk program, and the enrollment adjustment grant for calendar year 1997.

(B) The school corporation's tuition support levy for calendar year 1997, before the reductions required under IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(C) The school corporation's excise tax revenue for calendar year 1996.

STEP TWO: Determine the current ADM of the school corporation described in subsection (a) for the school year ending in calendar year 1997.

STEP THREE: Divide the STEP ONE result by the STEP TWO result.

STEP FOUR: For each school corporation that participates in the annexation of the school corporation described in subsection (a), determine the number of students that:

(A) were included in the calculation of current ADM under STEP TWO; and

(B) were enrolled in the school corporation in the school year ending in calendar year 1997.

STEP FIVE: Multiply the STEP THREE result by the STEP FOUR result."

Page 4, line 21, delete "(h)" and insert "(i)".

and when so amended that said bill do pass.

(Reference is to SB 626 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 15, Nays 0.

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