



January 27, 2000

HOUSE BILL No. 1269

DIGEST OF HB 1269 (Updated January 26, 2000 12:44 PM - DI 73)

Citations Affected: IC 6-1.1; IC 21-2.

Synopsis: Textbook financing and funding shortfalls. Allows a school corporation to appeal to the state board of tax commissioners (which uses the school property tax control board) for recommendations on appeals to use the debt service fund to pay textbook purchase obligations for textbooks that will be used for more than one year. Allows a school corporation to appeal to transfer money in its capital projects fund in 2000 through 2004 if the obligations of the textbook rental fund exceed the revenue required to be deposited in the textbook rental fund during the year of the transfer.

Effective: July 1, 2000.

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January 11, 2000, read first time and referred to Committee on Ways and Means.
January 26, 2000, amended, reported — Do Pass.

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HB 1269—LS 6990/DI 58+



January 27, 2000

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

HOUSE BILL No. 1269

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

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

1 SECTION 1. IC 6-1.1-19-5.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2000]: **Sec. 5.5. (a) A school corporation may**
4 **appeal to the state board of tax commissioners under this chapter**
5 **to enter into debt or other obligations to purchase textbooks that**
6 **will be used more than one (1) year. Permission of the state board**
7 **of tax commissioners is required regardless of whether the funds**
8 **will be borrowed by incurring bonded indebtedness or under a**
9 **note payable to a financial institution. To be granted permission to**
10 **enter into an obligation by the state board of tax commissioners,**
11 **the school corporation must establish that the textbooks will not be**
12 **used for a time period that is shorter than the term of the payment**
13 **obligation.**

14 (b) The state board of tax commissioners may grant permission
15 to enter into an obligation that is:

- 16 (1) less than the amount; or
17 (2) for a shorter term;

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1 or both, than the amount or term requested by the school
2 corporation.

3 (c) If the state board of tax commissioners determines that the
4 obligation may be entered into, the obligation may be paid using
5 the school corporation's debt service fund.

6 SECTION 2. IC 6-1.1-19-5.6 IS ADDED TO THE INDIANA
7 CODE AS A NEW SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2000]: Sec. 5.6. (a) A school corporation may
9 appeal to the state board of tax commissioners under this chapter
10 to:

11 (1) transfer in 2000 through 2004 money from its capital
12 projects fund to its textbook rental fund to cover shortfalls
13 occurring during each of those years; or

14 (2) make a one time transfer for shortfalls occurring before
15 2000;

16 or both.

17 (b) To be granted permission by the state board of tax
18 commissioners to make transfers covered by subdivision (1), the
19 school corporation must establish that obligations of the textbook
20 rental fund exceed the revenue required to be deposited in the
21 textbook rental fund during the year of the transfer. Transfers may
22 be permitted only in 2000 through 2004 to cover shortfalls in those
23 years.

24 (c) The amount that the state board of tax commissioners may
25 approve for transfer in each year may not exceed the amount by
26 which the obligations of the textbook rental fund exceed the
27 revenue required to be deposited in the textbook rental fund for
28 that year. The state board of tax commissioners may grant
29 permission to transfer:

30 (1) less than the amount requested; or

31 (2) for a shorter time period than requested;

32 by the school corporation, or both.

33 (d) In addition to the annual amounts allowed to be transferred
34 under subsection (c), the state board of tax commissioners may
35 permit a school corporation to make a one time transfer from the
36 school corporation's capital projects fund to its textbook rental
37 fund to offset any negative balances that have accumulated
38 through December 31, 1999. To be granted permission by the state
39 board of tax commissioners to make a one time transfer covered by
40 subdivision (a)(2), the school corporation must establish that
41 obligations of the textbook rental fund exceed the revenue required
42 to be deposited in the textbook rental fund during the year of the



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1 transfer.

2 (e) **This section expires January 1, 2005.**

3 SECTION 3. IC 21-2-4-2 IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2000]: Sec. 2. The governing body of each
5 school corporation in Indiana shall establish a debt service fund for the
6 payment of:

7 (1) all debt and other obligations arising out of funds borrowed or
8 advanced for school buildings when purchased from the proceeds
9 of a bond issue for capital construction;

10 (2) a lease to provide capital construction;

11 (3) interest on emergency and temporary loans;

12 (4) all debt and other obligations arising out of funds borrowed or
13 advanced for the purchase or lease of school buses when
14 purchased or leased from the proceeds of a bond issue, or from
15 money obtained from a loan made under IC 20-9.1-6-5, for that
16 purpose;

17 (5) all debt and other obligations arising out of funds borrowed to
18 pay judgments against the school corporation; ~~or~~

19 (6) all debt and other obligations arising out of funds borrowed to
20 purchase equipment; ~~or~~

21 **(7) all debt and other obligations, approved by the state board
22 of tax commissioners under IC 6-1.1-19-5.5, arising out of
23 funds borrowed to purchase textbooks that will be used more
24 than one (1) year, regardless of whether the funds were
25 borrowed by incurring bonded indebtedness or under a note
26 payable to a financial institution.**

27 The term "debt service" shall include but not be limited to lease rental
28 obligations, school bonds and coupons and civil bond obligations
29 assumed by school corporations reorganized pursuant to IC 20-4-1, and
30 any interest cost on emergency and temporary loans but shall not
31 include the repayment of the principal of the emergency and temporary
32 loans obtained for benefit of any other fund. All receipts and
33 disbursements authorized by law for school funds and tax levies for the
34 lease rental fund, bond fund, sinking fund, civil bond obligation fund,
35 and payment of interest on emergency and temporary loans shall be
36 received in and disbursed from the debt service fund.

37 SECTION 4. IC 21-2-15-4.1 IS ADDED TO THE INDIANA CODE
38 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
39 1, 2000]: **Sec. 4.1. (a) Notwithstanding section 4 of this chapter and
40 if the state board of tax commissioners has approved the transfer
41 under IC 6-1.1-19-5.6, the school corporation may annually
42 transfer money in its capital projects fund to its textbook rental**



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1 fund in 2000 through 2004. The money may be transferred only to
2 offset what would be deficit expenditures from the school
3 corporation's textbook rental fund. The amount that may be used
4 each year may not exceed the amount by which the obligations of
5 the textbook rental fund exceed the revenue required to be
6 deposited in the textbook rental fund for that year.

7 (b) In addition to the annual amounts allowed under subsection
8 (a) and if the state board of tax commissioners has approved the
9 transfer under IC 6-1.1-19, a school corporation may make a one
10 time transfer from the school corporation's capital projects fund
11 to its textbook rental fund to offset any obligations of the textbook
12 rental fund that have accumulated through December 31, 1999,
13 that exceed the revenue required to be deposited in the textbook
14 rental fund through December 31, 1999.

15 (c) This section expires January 1, 2005.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1269, 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 2, line 19, after "that" delete ":" and insert "**obligations of the textbook rental fund exceed the revenue required to be deposited in the textbook rental fund during the year of the transfer.**".

Page 2, delete lines 20 through 23.

Page 2, line 42, after "that" delete ":" and insert "**obligations of the textbook rental fund exceed the revenue required to be deposited in the textbook rental fund during the year of the transfer.**".

Page 3, delete lines 1 through 4.

Page 4, line 14, delete "negative balances" and insert "**obligations of the textbook rental fund**".

Page 4, line 15, after "1999" delete "." and insert "**, that exceed the revenue required to be deposited in the textbook rental fund through December 31, 1999.**".

and when so amended that said bill do pass.

(Reference is to HB 1269 as introduced.)

BAUER, Chair

Committee Vote: yeas 20, nays 5.

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