

SENATE BILL No. 472

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-8-9; IC 6-1.1; IC 6-3.1-2-1; IC 6-3.5-1.1; IC 20; IC 21; IC 32-9-1.5-16; IC 36-1-2-2; IC 36-7-15.1-26.9.

Synopsis: School general fund and transportation fund taxes. Eliminates the authority of a school corporation to impose a general fund property tax levy for the general operation and maintenance of the school corporation. Eliminates the authority of a school corporation to impose a transportation fund property tax levy. Terminates the authority of: (1) Lake County to impose a property tax for a county supplemental school distribution fund; (2) Dearborn County to impose a property tax for a county school distribution fund; and (3) a school corporation in Lake County to impose a property tax for a supplemental school operating reserve fund. Continues the authority of a school corporation to impose a property tax levy for certain public libraries, nursery schools, historical societies, art associations, cultural institutions, public playgrounds, and the Children's Museum in Marion County. Appropriates the amount necessary to ensure that each school corporation will be eligible to receive for its general fund and transportation fund an amount at least equal to the amount that the school corporation received in the immediately preceding year. Provides a method for calculating the amount of financial institution taxes and excise taxes to be distributed to school corporations after the elimination of the school general fund and transportation fund property taxes. Recodifies provisions of current law concerning emergency loans.

Effective: July 1, 2000; January 1, 2001; March 1, 2001.

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January 10, 2000, read first time and referred to Committee on Finance.

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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.

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SENATE BILL No. 472



A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

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

1 SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2001]: Sec. 9. Any qualified entity
3 receiving a loan under this chapter may levy an annual tax on personal
4 and real property located within its geographical limits for industrial
5 development purposes, in addition to any other tax authorized by
6 statute to be levied for such purposes, at such rate as will produce
7 sufficient revenue to pay the annual installment and interest on any
8 loan made under this chapter. Such a tax may be in addition to the
9 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,
10 ~~IC 6-1.1-19~~, and other statutes.

11 SECTION 2. IC 6-1.1-1-8.3 IS ADDED TO THE INDIANA CODE
12 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE
13 JANUARY 1, 2001]: **Sec. 8.3. For purposes of IC 6-1.1-19, "general
14 fund" refers to the fund that the governing body of a school
15 corporation is required to establish under IC 21-2-11-2.**

16 SECTION 3. IC 6-1.1-1-16.5 IS ADDED TO THE INDIANA
17 CODE AS A **NEW SECTION** TO READ AS FOLLOWS



1 [EFFECTIVE JANUARY 1, 2001]: **Sec. 16.5. For purposes of**
 2 **IC 6-1.1-19, "school year" means the period from July 1 of each**
 3 **year until June 30 of the following year.**

4 SECTION 4. IC 6-1.1-1-19.5 IS ADDED TO THE INDIANA
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE JANUARY 1, 2001]: **Sec. 19.5. For purposes of**
 7 **IC 6-1.1-19, "tax control board" refers to the school property tax**
 8 **control board established by IC 6-1.1-19-4.1.**

9 SECTION 5. IC 6-1.1-17-1.5 IS ADDED TO THE INDIANA
 10 CODE AS A NEW SECTION TO READ AS FOLLOWS
 11 [EFFECTIVE JULY 1, 2000]: **Sec. 1.5. (a) This section applies to a**
 12 **budget governing an expenditure from a school corporation's**
 13 **general fund or transportation fund after December 31, 2000.**

14 **(b) A budget for a school corporation's general fund or**
 15 **transportation fund is subject to the same budget and review**
 16 **procedures under this chapter as a fund for which a property tax**
 17 **is levied.**

18 SECTION 6. IC 6-1.1-17-3 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) The proper
 20 officers of a political subdivision shall formulate its estimated budget
 21 and its proposed tax rate and tax levy on the form prescribed by the
 22 state board of tax commissioners and approved by the state board of
 23 accounts. The political subdivision shall give notice by publication to
 24 taxpayers of:

- 25 (1) the estimated budget;
 26 (2) the estimated maximum permissible levy;
 27 (3) the current and proposed tax levies of each fund; ~~and~~
 28 (4) the amounts of excessive levy appeals to be requested; ~~and~~
 29 **(5) the current and proposed amount of revenue to be**
 30 **distributed by the state during the budget year to the general**
 31 **fund and to the transportation fund of a school corporation.**

32 In the notice, the political subdivision shall also state the time and
 33 place at which a public hearing will be held on these items. The notice
 34 shall be published twice in accordance with IC 5-3-1 with the first
 35 publication at least ten (10) days before the date fixed for the public
 36 hearing.

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

- 38 (1) estimate the amount necessary to meet the cost of poor relief
 39 in the township for the ensuing calendar year; and
 40 (2) publish with the township budget a tax rate sufficient to meet
 41 the estimated cost of poor relief.

42 The taxes collected as a result of this rate shall be credited to the



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1 county poor fund.

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

- 5 (1) in any county of the solid waste management district; and
6 (2) in accordance with the annual notice of meetings published
7 under IC 13-21-5-2.

8 SECTION 7. IC 6-1.1-17-5.1 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5.1. (a) As used in this
10 section, "school corporation" has the meaning set forth in
11 IC 20-10.1-1-1.

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

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

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

- 22 (1) a statement of the tax rate and tax levy fixed by the school
23 corporation for the ensuing budget year;
24 (2) **the proposed amount of revenue to be distributed by the**
25 **state during the budget year to the general fund and to the**
26 **transportation fund of a school corporation;**
27 (3) two (2) copies of the budget adopted by the school corporation
28 for the ensuing budget year; and
29 ~~(3)~~ (4) any written notification from the state board of tax
30 commissioners under section 16(i) of this chapter that specifies a
31 proposed revision, reduction, or increase in the budget adopted by
32 the school corporation for the ensuing budget year.

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

35 (e) In a consolidated city, a county containing a consolidated city,
36 and a second class city, the clerk of the fiscal body shall,
37 notwithstanding subsection (d), file the adopted budget and tax
38 ordinances with the county board of tax adjustment not later than two
39 (2) days after the ordinances are signed by the executive or not later
40 than two (2) days after action is taken by the fiscal body to override a
41 veto of the ordinances, whichever is later.

42 SECTION 8. IC 6-1.1-17-8 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 8. (a) If the
 2 county board of tax adjustment determines that the maximum aggregate
 3 tax rate permitted within a political subdivision under ~~IC 1971,~~
 4 ~~6-1.1-18~~ **IC 6-1.1-18** is inadequate, the county board shall **subject to**
 5 **the limitations prescribed in IC 1971, 6-1.1-19-2** file its written
 6 recommendations in duplicate with the county auditor. The board shall
 7 include with its recommendations:

- 8 (1) an analysis of the aggregate tax rate within the political
 9 subdivision;
- 10 (2) a recommended breakdown of the aggregate tax rate among
 11 the political subdivisions whose tax rates compose the aggregate
 12 tax rate within the political subdivision; and
- 13 (3) any other information which the county board considers
 14 relevant to the matter.

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

21 SECTION 9. IC 6-1.1-17-10 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. (a) When the
 23 aggregate tax rate within a political subdivision, as approved or
 24 modified by the county board of tax adjustment, exceeds the maximum
 25 aggregate tax rate prescribed in ~~IC 1971, 6-1.1-18-3(a);~~
 26 **IC 6-1.1-18-5(a)**, the county auditor shall certify the budgets, tax rates,
 27 and tax levies of the political subdivisions whose tax rates compose the
 28 aggregate tax rate within the political subdivision, as approved or
 29 modified by the county board, to the state board of tax commissioners
 30 for final review. For purposes of this section, the maximum aggregate
 31 tax rate limit exceptions provided in ~~IC 1971, 6-1.1-18-3(b)~~
 32 **IC 6-1.1-18-3(b)** do not apply.

33 (b) **The county auditor shall certify the general fund budgets**
 34 **and transportation fund budgets of each school corporation, as**
 35 **modified by the county board of tax adjustment, to the state board**
 36 **of tax commissioners for final review.**

37 SECTION 10. IC 6-1.1-17-13 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 13. Ten (10) or more
 39 taxpayers may initiate an appeal from the county board of tax
 40 adjustment's action on a political subdivision's budget by filing a
 41 statement of their objections with the county auditor. The statement
 42 must be filed within ten (10) days after the publication of the notice



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1 required by section 12 of this chapter. The statement shall specifically
 2 identify the provisions of the budget and, **for funds for which a**
 3 **property tax is imposed, the** tax levy to which the taxpayers object.
 4 The county auditor shall forward the statement, with the budget, to the
 5 state board of tax commissioners.

6 SECTION 11. IC 6-1.1-17-15 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 15. (a) A political
 8 subdivision may appeal to the state board of tax commissioners for an
 9 increase in:

10 (1) its tax rate or tax levy; or

11 (2) **if the political subdivision is a school corporation, its**
 12 **general fund or transportation fund budget;**

13 as fixed by the county board of tax adjustment or the county auditor.

14 (b) To initiate ~~the an~~ appeal **under this section**, the political
 15 subdivision must file a statement with the board within ten (10) days
 16 after publication of the notice required by section 12 of this chapter.
 17 The legislative body of the political subdivision must authorize the
 18 filing of the statement by adopting a resolution.

19 (c) The resolution **under subsection (b)** must be attached to the
 20 statement of objections, and the statement must be signed by the
 21 following officers:

22 (1) In the case of counties, by the board of county commissioners
 23 and by the president of the county council.

24 (2) In the case of all other political subdivisions, by the highest
 25 executive officer and by the presiding officer of the legislative
 26 body.

27 SECTION 12. IC 6-1.1-17-16 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 16. (a) Subject to
 29 the limitations and requirements prescribed in this section, the state
 30 board of tax commissioners may revise, reduce, or increase a political
 31 subdivision's budget, tax rate, or tax levy which the board reviews
 32 under section 8 or 10 of this chapter.

33 (b) Subject to the limitations and requirements prescribed in this
 34 section, the state board of tax commissioners may review, revise,
 35 reduce, or increase the budget, tax rate, or tax levy of any of the
 36 political subdivisions whose tax rates compose the aggregate tax rate
 37 within a political subdivision whose budget, tax rate, or tax levy is the
 38 subject of an appeal initiated under this chapter.

39 (c) Except as provided in subsection (i), before the state board of tax
 40 commissioners reviews, revises, reduces, or increases a political
 41 subdivision's budget, tax rate, or tax levy under this section, the board
 42 must hold a public hearing on the budget, tax rate, and tax levy. The



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

11 (d) Except as provided in subsection (h) ~~IC 6-1.1-19~~, or
 12 IC 6-1.1-18.5, the state board of tax commissioners may not increase
 13 a political subdivision's budget, tax rate, or tax levy to an amount which
 14 exceeds the amount originally fixed by the political subdivision. The
 15 state board of tax commissioners shall give the political subdivision
 16 written notification specifying any revision, reduction, or increase the
 17 state board of tax commissioners proposes in a political subdivision's
 18 tax levy or tax rate. The political subdivision has one (1) week from the
 19 date the political subdivision receives the notice to provide a written
 20 response to the state board of tax commissioners' Indianapolis office
 21 specifying how to make the required reductions in the amount budgeted
 22 for each office or department. The state board of tax commissioners
 23 shall make reductions as specified in the political subdivision's
 24 response if the response is provided as required by this subsection and
 25 sufficiently specifies all necessary reductions. The state board of tax
 26 commissioners may make a revision, a reduction, or an increase in a
 27 political subdivision's budget only in the total amounts budgeted for
 28 each office or department within each of the major budget
 29 classifications prescribed by the state board of accounts.

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

- 34 (1) no bonds of the building corporation are outstanding; or
 35 (2) the building corporation has enough legally available funds on
 36 hand to redeem all outstanding bonds payable from the particular
 37 lease rental levy requested.

38 (f) The action of the state board of tax commissioners on a budget,
 39 tax rate, or tax levy is final. The board shall certify its action to:

- 40 (1) the county auditor; and
 41 (2) the political subdivision if the state board acts pursuant to an
 42 appeal initiated by the political subdivision.



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1 (g) The state board of tax commissioners is expressly directed to
 2 complete the duties assigned to it under this section not later than
 3 February 15th of each year for taxes to be collected during that year.

4 (h) Subject to the provisions of all applicable statutes, the state
 5 board of tax commissioners may increase a political subdivision's tax
 6 levy to an amount that exceeds the amount originally fixed by the
 7 political subdivision if the increase is:

8 (1) requested in writing by the officers of the political
 9 subdivision;

10 (2) either:

11 (A) based on information first obtained by the political
 12 subdivision after the public hearing under section 3 of this
 13 chapter; or

14 (B) results from an inadvertent mathematical error made in
 15 determining the levy; and

16 (3) published by the political subdivision according to a notice
 17 provided by the state board of tax commissioners.

18 (i) The state board of tax commissioners shall annually review the
 19 budget of each school corporation not later than April 1. The state
 20 board of tax commissioners shall give the school corporation written
 21 notification specifying any revision, reduction, or increase the state
 22 board of tax commissioners proposes in the school corporation's
 23 budget. A public hearing is not required in connection with this review
 24 of the budget.

25 SECTION 13. IC 6-1.1-18-3, AS AMENDED BY P.L.273-1999,
 26 SECTION 53 (CURRENT VERSION), IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3. (a) Except as
 28 provided in subsection (b), the sum of all tax rates for all political
 29 subdivisions imposed on tangible property within a political
 30 subdivision may not exceed:

31 (1) one dollar and twenty-five cents (\$1.25) on each one hundred
 32 dollars (\$100) of assessed valuation in territory outside the
 33 corporate limits of a city or town; or

34 (2) two dollars (\$2) on each one hundred dollars (\$100) of
 35 assessed valuation in territory inside the corporate limits of a city
 36 or town.

37 (b) **Subject to IC 6-1.1-19-1.9**, the proper officers of a political
 38 subdivision shall fix tax rates which are sufficient to provide funds for
 39 the purposes itemized in this subsection. The portion of a tax rate fixed
 40 by a political subdivision **for a property tax levy** shall not be
 41 considered in computing the tax rate limits prescribed in subsection (a)
 42 if that portion is to be used for one (1) of the following purposes:

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- 1 (1) To pay the principal or interest on a funding, refunding, or
 2 judgment funding obligation of the political subdivision.
 3 (2) To pay the principal or interest on an outstanding obligation
 4 issued by the political subdivision if notice of the sale of the
 5 obligation was published before March 9, 1937.
 6 (3) To pay the principal or interest upon:
 7 (A) an obligation issued by the political subdivision to meet an
 8 emergency which results from a flood, fire, pestilence, war, or
 9 any other major disaster; or
 10 (B) a note issued under IC 36-2-6-18, IC 36-3-4-22,
 11 IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county
 12 to acquire necessary equipment or facilities for municipal or
 13 county government.
 14 (4) To pay the principal or interest upon an obligation issued in
 15 the manner provided in IC 6-1.1-20-3 (before its repeal) or
 16 IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.
 17 (5) To pay a judgment rendered against the political subdivision.
 18 (6) To meet the requirements of the family and children's fund for
 19 child services (as defined in IC 12-19-7-1).
 20 (7) To meet the requirements of the county hospital care for the
 21 indigent fund.
 22 (c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5, a
 23 county board of tax adjustment, a county auditor, or the state board of
 24 tax commissioners may review the portion of a tax rate described in
 25 subsection (b) only to determine if it exceeds the portion actually
 26 needed to provide for one (1) of the purposes itemized in that
 27 subsection.
 28 SECTION 14. IC 6-1.1-18-3 (DELAYED VERSION) IS
 29 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
 30 2001]: Sec. 3. (a) Except as provided in subsection (b), the sum of all
 31 tax rates for all political subdivisions imposed on tangible property
 32 within a political subdivision may not exceed:
 33 (1) forty-one and sixty-seven hundredths cents (\$0.4167) on each
 34 one hundred dollars (\$100) of assessed valuation in territory
 35 outside the corporate limits of a city or town; or
 36 (2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each
 37 one hundred dollars (\$100) of assessed valuation in territory
 38 inside the corporate limits of a city or town.
 39 (b) **Subject to IC 6-1.1-19-1.9**, the proper officers of a political
 40 subdivision shall fix **property** tax rates which are sufficient to provide
 41 funds for the purposes itemized in this subsection. The portion of a tax
 42 rate fixed by a political subdivision **for a property tax levy** shall not



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1 be considered in computing the tax rate limits prescribed in subsection
2 (a) if that portion is to be used for one (1) of the following purposes:

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

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

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

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

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

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

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

20 (6) To meet the requirements of the family and children's fund for
21 child services (as defined in IC 12-19-7-1).

22 (7) To meet the requirements of the county hospital care for the
23 indigent fund.

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

30 SECTION 15. IC 6-1.1-18-5 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 5. (a) If the proper
32 officers of a political subdivision desire to appropriate more money for
33 a particular year than the amount prescribed in the budget for that year
34 as finally determined under this article, they shall give notice of their
35 proposed additional appropriation. The notice shall state the time and
36 place at which a public hearing will be held on the proposal. The notice
37 shall be given once in accordance with IC 5-3-1-2(b).

38 (b) If the additional appropriation by the political subdivision is
39 **from the general fund or transportation fund of a school**
40 **corporation or is made from a fund that receives:**

41 (1) distributions from the motor vehicle highway account
42 established under IC 8-14-1-1 or the local road and street account

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1 established under IC 8-14-2-4; or
 2 (2) revenue from property taxes levied under IC 6-1.1;
 3 the political subdivision must report the additional appropriation to the
 4 state board of tax commissioners. If the additional appropriation is
 5 made from a fund described under this subsection, subsections (f), (g),
 6 (h), and (i) apply to the political subdivision.
 7 (c) However, if the additional appropriation is not made from a fund
 8 described under subsection (b), subsections (f), (g), (h), and (i) do not
 9 apply to the political subdivision. Subsections (f), (g), (h), and (i) do
 10 not apply to an additional appropriation made from the cumulative
 11 bridge fund if the appropriation meets the requirements under
 12 IC 8-16-3-3(c).
 13 (d) A political subdivision may make an additional appropriation
 14 without approval of the state board of tax commissioners if the
 15 additional appropriation is made from a fund that is not described
 16 under subsection (b). However, the fiscal officer of the political
 17 subdivision shall report the additional appropriation to the state board
 18 of tax commissioners.
 19 (e) After the public hearing, the proper officers of the political
 20 subdivision shall file a certified copy of their final proposal and any
 21 other relevant information to the state board of tax commissioners.
 22 (f) When the state board of tax commissioners receives a certified
 23 copy of a proposal for an additional appropriation under subsection (e),
 24 the board shall determine whether sufficient funds are available or will
 25 be available for the proposal. The determination shall be made in
 26 writing and sent to the political subdivision not more than fifteen (15)
 27 days after the board receives the proposal.
 28 (g) In making the determination under subsection (f), the board shall
 29 limit the amount of the additional appropriation to revenues available,
 30 or to be made available, which have not been previously appropriated.
 31 (h) If the state board of tax commissioners disapproves an additional
 32 appropriation under subsection (f), the state board of tax
 33 commissioners shall specify the reason for its disapproval on the
 34 determination sent to the political subdivision.
 35 (i) A political subdivision may request a reconsideration of a
 36 determination of the state board of tax commissioners under this
 37 section by filing a written request for reconsideration. A request for
 38 reconsideration must:
 39 (1) be filed with the state board of tax commissioners within
 40 fifteen (15) days of the receipt of the determination by the
 41 political subdivision; and
 42 (2) state with reasonable specificity the reason for the request.

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

3 SECTION 16. IC 6-1.1-19-1.9 IS ADDED TO THE INDIANA
4 CODE AS A NEW SECTION TO READ AS FOLLOWS
5 [EFFECTIVE JANUARY 1, 2001]: **Sec. 1.9. (a) This section applies**
6 **to ad valorem property taxes first due and payable after December**
7 **31, 2000.**

8 (b) Except as provided in:

- 9 (1) IC 20-5-15-2 (public library in connection with school);
10 (2) IC 20-5-16-2 (nursery schools);
11 (3) IC 20-5-17-2 (Children's Museum in Marion County);
12 (4) IC 20-5-17.5-2 (historical societies);
13 (5) IC 20-5-17.5-3 (art associations);
14 (6) IC 20-5-17.5-4 (cultural institutions); and
15 (7) IC 20-5-37-4 (public playgrounds);

16 a school corporation may not levy an ad valorem property tax for
17 the school corporation's general fund.

18 (c) A school corporation may not levy an ad valorem property
19 tax for the school corporation's transportation fund.

20 SECTION 17. IC 6-1.1-19-4.4 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 4.4. (a) With
22 respect to every appeal petition that is delivered to the tax control board
23 by the state board of tax commissioners under section 4.1 of this
24 chapter, and that does not include a request for emergency financial
25 relief, for property taxes first due and payable to a fund other than
26 the general fund or transportation fund, if a statute provides for an
27 appeal under this section, the tax control board shall, after the tax
28 control board makes the study of the appeal petition and related
29 materials that the tax control board considers necessary, recommend to
30 the state board of tax commissioners, in respect of the particular appeal
31 petition that:

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



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1 (3) the order of the county board of tax adjustment or the county
 2 auditor in respect of the appellant school corporation's budget, **ad**
 3 **valorem property** tax levy, or **ad valorem property** tax rate be
 4 disapproved and that the appellant school corporation's budget, **ad**
 5 **valorem property** tax levy, or **ad valorem property** tax rate be
 6 increased as specified in the tax control board's recommendation.

7 or

8 (4) combined with a recommendation allowed under subdivision
 9 (1), (2), or (3), the adjusted base tax levy for the school
 10 corporation be increased if the school corporation can show a
 11 need for the increased adjusted base levy due to:

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

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

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

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

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

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

39 (3) to collect an excessive tax levy. **to levy an ad valorem**
 40 **property tax for the school corporation's general fund or**
 41 **transportation fund.**

42 (c) **If the tax control board concludes, after studying an appeal**



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1 petition, that the appellant school corporation cannot, in the
 2 ensuing calendar year, carry out the public educational duty
 3 committed to the appellant school corporation by law if, for the
 4 ensuing calendar year, the appellant school corporation does not
 5 receive emergency financial relief, the tax control board may
 6 recommend to the state board of tax commissioners that:

7 (1) the order of the county board of tax adjustment or the
 8 county auditor with respect to the budget of the appellant
 9 school corporation be approved or disapproved and modified
 10 as specified in the tax control board's recommendation; and
 11 (2) that the appellant school corporation receive emergency
 12 financial relief from the state, on terms to be specified by the
 13 tax control board in the board's recommendation, in the form
 14 of:

15 (A) a grant or grants from funds of the state that are
 16 available for that purpose;

17 (B) a loan or loans from funds of the state that are
 18 available for that purpose;

19 (C) permission to the appellant school corporation to
 20 borrow funds from a source other than the state or
 21 assistance in obtaining the loan;

22 (D) an advance or advances of funds that will become
 23 payable to the appellant school corporation under a law
 24 providing for the payment of state funds to school
 25 corporations;

26 (E) permission to use, for general fund purposes, an
 27 unobligated balance in a construction fund, including
 28 unobligated proceeds of a sale of the school corporation's
 29 general obligation bonds; or

30 (F) a combination of the emergency financial relief
 31 described in subdivisions (1) through (5).

32 The tax control board shall recommend the source of the
 33 repayment of a loan recommended under this subsection. The tax
 34 control board may not recommend the imposition of an ad valorem
 35 property tax levy to repay the loan. The state board of tax
 36 commissioners may accept, reject, or accept and modify a
 37 recommendation made by the tax control board under this
 38 subsection.

39 (d) A school corporation, with respect to which the tax control
 40 board recommends and the state board of tax commissioners
 41 authorizes emergency financial relief under subsection (c), is (if the
 42 school corporation accepts the authorized relief) prohibited



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1 throughout a calendar year in which, or for which, the school
 2 corporation receives the emergency financial relief from taking the
 3 prohibited actions described in this subsection until the action is
 4 recommended by the tax control board to the state board of tax
 5 commissioners and authorized by the state board of tax
 6 commissioners. The prohibited actions are any of the following:

7 (1) The acquisition of real estate for school building purposes,
 8 the construction of new school buildings, or the remodeling or
 9 renovation of existing school buildings.

10 (2) The making of a lease of real or personal property for an
 11 annual rental or the incurring of any other contractual
 12 obligation (except an employment contract for a new
 13 employee if the contract is to supersede the contract of a
 14 terminating employee) calling for an annual outlay by the
 15 school corporation in excess of ten thousand dollars (\$10,000).

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

18 (4) The adoption or advertising of a budget, tax levy, or tax
 19 rate for a calendar year.

20 (e) If a school corporation subject to the controls described in
 21 subsection (d) takes any of the actions described in subsection (d)
 22 without having first obtained the recommendation of the tax
 23 control board and the authorization of the state board of tax
 24 commissioners for the action, the state board of tax commissioners
 25 may take appropriate steps to reduce or terminate any emergency
 26 financial relief that the school corporation may then be receiving
 27 under subsection (c).

28 SECTION 18. IC 6-1.1-19-5.3 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 5.3. ~~(a)~~ The tax
 30 control board may recommend to the state board of tax commissioners
 31 a correction of mathematical errors in data that affect the determination
 32 of:

33 (1) a school corporation's adjusted base levy;

34 (2) a school corporation's

35 excessive tax levy; or

36 (3) a school corporation's normal tax levy.

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

39 SECTION 19. IC 6-1.1-19-7 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 7. Any
 41 recommendation that is to be made by the tax control board to the state
 42 board of tax commissioners pursuant to any provision of this chapter

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1 shall be made at such a time as is prescribed in this chapter and, if no
 2 time for the making of such a recommendation is prescribed in this
 3 chapter, then the recommendation shall be made at such a time as will
 4 permit the state board of tax commissioners to complete those duties
 5 of the board that are defined in ~~IC 1971, 6-1.1-17~~ **IC 6-1.1-17** within
 6 the time allowed by law for the completion of those duties, or such
 7 additional time as is reasonably necessary for the state board of tax
 8 commissioners and the tax control board to complete the duties
 9 provided by this chapter. No **ad valorem property** tax levy shall be
 10 invalid because of the failure of either board to complete its duties
 11 within the time or time limits provided by this chapter or any other law.
 12 Subject to the provisions of this chapter, the state board of tax
 13 commissioners may accept, reject, or accept in part and reject in part
 14 any recommendation of the tax control board that is made to it under
 15 this chapter and may make any order that is consistent with the
 16 provisions of ~~IC 1971, 6-1.1-17~~. The state board of tax commissioners
 17 may not approve or authorize an excessive tax levy except in
 18 accordance with the provisions of this chapter. **IC 6-1.1-17.**

19 SECTION 20. IC 6-1.1-19-12 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE JANUARY 1, 2001]: **Sec. 12. (a) As used in this**
 22 **section, "revenues" means excise tax distributions under IC 6-6-5**
 23 **and any other allocation of state tax collections or distributions**
 24 **that by statute:**

- 25 (1) are distributed to school corporations; and
- 26 (2) are based on the property tax levies imposed by the taxing
 27 units in a county.

28 **The term does not include homestead credits or property tax**
 29 **replacement credits.**

30 (b) **A school corporation is entitled to receive for the school**
 31 **corporation's general fund a proportion of the revenues that are**
 32 **distributed within the county. The amount that the school**
 33 **corporation is entitled to receive during that calendar year equals**
 34 **the amount determined under STEP FIVE of the following**
 35 **formula:**

36 **STEP ONE: Determine the amount of revenue that is**
 37 **available for distribution in the county in the distribution**
 38 **year.**

39 **STEP TWO: Determine the product of:**

- 40 (A) **the average annual percentage of the school general**
 41 **fund and school transportation fund budget for the 1998,**
 42 **1999, and 2000 budget years that was comprised of**



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1 property tax revenue, including any property tax
2 replacement credits or homestead credits; multiplied by
3 (B) the school general fund and school transportation fund
4 budget for the distribution year.

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

6 (A) the property tax levies imposed by all taxing units in
7 the county; and

8 (B) the amounts determined in STEP TWO for all school
9 corporations in the county in proportion to the amount of
10 taxable property located in the school corporation and the
11 county;

12 for that calendar year.

13 **STEP FOUR: Determine the result of the STEP TWO amount
14 divided by the STEP THREE sum.**

15 **STEP FIVE: Multiply the STEP ONE amount by the STEP
16 FOUR result.**

17 (c) The amount of revenues distributed to:

18 (1) taxing units other than a school corporation; and

19 (2) funds of a school corporation for which a property tax levy
20 is imposed;

21 shall be changed for that same year by reducing the amount of
22 revenue distributed by the amount of revenue allocated under this
23 section for that same calendar year. The state board of tax
24 commissioners shall make any adjustments required by this section
25 and provide them to the appropriate county auditors.

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

29 SECTION 21. IC 6-1.1-20-1.1 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1.1. As used in
31 this chapter, "controlled project" means any project financed by bonds
32 or a lease, except for the following:

33 (1) A project for which the political subdivision reasonably
34 expects to pay:

35 (A) debt service; or

36 (B) lease rentals;

37 from funds other than property taxes that are exempt from the
38 levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~ that are levied
39 by a school corporation for a fund other than the general fund
40 or transportation fund. A project is not a controlled project even
41 though the political subdivision has pledged to levy property taxes
42 to pay the debt service or lease rentals if those other funds are

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- insufficient.
- (2) A project that will not obligate the political subdivision to more than two million dollars (\$2,000,000) in debt service or lease rentals.
- (3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.
- (4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.
- (5) A project that is required by a court order holding that a federal law mandates the project.

SECTION 22. IC 6-1.1-20-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1.3. As used in this chapter, "lease" means a lease by a political subdivision of any controlled project with lease rentals payable from property taxes that are exempt from the levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~ **that are levied by a school corporation for a fund other than the general fund or transportation fund.**

SECTION 23. IC 6-1.1-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 2. As used in this chapter:

- (a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.
- (b) "Taxes" means taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).
- (c) "Department" means the department of state revenue.
- (d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed on or before March 1 of each year with the auditor of state.
- (e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.
- (f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.
- (g) "Total county tax levy" means the sum of:
 - (1) the remainder of:
 - (A) the aggregate levy of all taxes for all taxing units in a

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county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

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

- (i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after December 31, 1982; plus
- (ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus
- (iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

- (i) is entered into after December 31, 1983;
- (ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and
- (iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (**before its repeal**) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

- (i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (**before its repeal**) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

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- 1 (ii) the total property taxes imposed in the county for the
- 2 1984 stated assessment year under the authority of IC 21-2-6
- 3 **(before its repeal)** or any citation listed in IC 6-1.1-18.5-9.8
- 4 for a cumulative building fund whose property tax rate was
- 5 not initially established or reestablished for a stated
- 6 assessment year that succeeds the 1983 stated assessment
- 7 year; minus
- 8 (G) the amount of property taxes imposed in the county for the
- 9 stated assessment year under:
 - 10 (i) IC 21-2-15 for a capital projects fund; plus
 - 11 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
 - 12 (iii) IC 20-14-13 for a library capital projects fund; plus
 - 13 (iv) IC 20-5-17.5-3 for an art association fund; plus
 - 14 (v) IC 21-2-17 for a special education preschool fund; ~~plus~~
 - 15 ~~(vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in~~
 - 16 ~~a school corporation's maximum permissible general fund~~
 - 17 ~~levy for certain transfer tuition costs; plus~~
 - 18 ~~(vii) an appeal filed under IC 6-1.1-19-5.4 for an increase in~~
 - 19 ~~a school corporation's maximum permissible general fund~~
 - 20 ~~levy for transportation operating costs; minus~~
- 21 (H) the amount of property taxes imposed by a school
- 22 corporation that is attributable to the passage, after 1983, of a
- 23 referendum for an excessive tax levy under IC 6-1.1-19,
- 24 including any increases in these property taxes that are
- 25 attributable to the adjustment set forth in IC 6-1.1-19-1.5(a)
- 26 **STEP ONE** or any other law; minus
- 27 (I) for each township in the county, the lesser of:
 - 28 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 - 29 **STEP THREE** or IC 6-1.1-18.5-19(b) **STEP THREE**,
 - 30 whichever is applicable, plus the part, if any, of the
 - 31 township's ad valorem property tax levy for calendar year
 - 32 1989 that represents increases in that levy that resulted from
 - 33 an appeal described in IC 6-1.1-18.5-13(5) filed after
 - 34 December 31, 1982; or
 - 35 (ii) the amount of property taxes imposed in the township for
 - 36 the stated assessment year under the authority of
 - 37 IC 36-8-13-4; minus
- 38 (J) for each participating unit in a fire protection territory
- 39 established under IC 36-8-19-1, the amount of property taxes
- 40 levied by each participating unit under IC 36-8-19-8 and
- 41 IC 36-8-19-8.5 less the maximum levy limit for each of the
- 42 participating units that would have otherwise been available

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1 for fire protection services under IC 6-1.1-18.5-3 and
 2 IC 6-1.1-18.5-19 for that same year; minus
 3 ~~(K)~~ (J) for each county, the sum of:
 4 (i) the amount of property taxes imposed in the county for
 5 the repayment of loans under IC 12-19-5-6 (**before its**
 6 **repeal**) that is included in the amount determined under
 7 IC 12-19-7-4(a) STEP SEVEN for property taxes payable in
 8 1995, or for property taxes payable in each year after 1995,
 9 the amount determined under IC 12-19-7-4(b); and
 10 (ii) the amount of property taxes imposed in the county
 11 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 12 included in the amount determined under IC 12-19-7-4(a)
 13 STEP SEVEN for property taxes payable in 1995, or the
 14 amount determined under IC 12-19-7-4(b) for property taxes
 15 payable in each year after 1995; plus
 16 (2) all taxes to be paid in the county in respect to mobile home
 17 assessments currently assessed for the year in which the taxes
 18 stated in the abstract are to be paid; plus
 19 (3) the amounts, if any, of county adjusted gross income taxes that
 20 were applied by the taxing units in the county as property tax
 21 replacement credits to reduce the individual levies of the taxing
 22 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 23 (4) the amounts, if any, by which the maximum permissible ad
 24 valorem property tax levies of the taxing units of the county were
 25 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 26 assessment year; plus
 27 (5) the difference between:
 28 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 29 minus
 30 (B) the amount the civil taxing units' levies were increased
 31 because of the reduction in the civil taxing units' base year
 32 certified shares under IC 6-1.1-18.5-3(e).
 33 (h) "December settlement sheet" means the certificate of settlement
 34 filed by the county auditor with the auditor of state, as required under
 35 IC 6-1.1-27-3.
 36 (i) "Tax duplicate" means the roll of property taxes which each
 37 county auditor is required to prepare on or before March 1 of each year
 38 under IC 6-1.1-22-3.
 39 SECTION 24. IC 6-1.1-21.5-6 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 6. (a) Except as
 41 specifically provided in subsection (c), the receipt by the qualified
 42 taxing unit of either the loan proceeds or any payment of delinquent tax

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1 owed by a taxpayer in bankruptcy, or both, is not considered to be part
2 of the ad valorem property tax levy actually collected by the qualified
3 taxing unit for taxes first due and payable during a particular calendar
4 year for the purpose of calculating the levy excess under
5 IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

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

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

- 13 (1) the loan proceeds; and
- 14 (2) the payment of property taxes owed by a taxpayer in a
15 bankruptcy proceeding initially filed in 1986 and payable in
16 respect to the second installment of taxes due and payable in
17 November 1986, and in respect to taxes due and payable in 1987;
18 exceeds eleven million nine hundred thousand dollars (\$11,900,000),
19 the excess as received during any calendar year or years shall be set
20 aside and treated for the calendar year when received as a levy excess
21 subject to IC 6-1.1-18.5-17. ~~or IC 6-1.1-19-1.7.~~ In calculating the
22 payment of property taxes as provided in subdivision (2), the amount
23 of property tax credit ~~finally~~ **finally** allowed under IC 6-1.1-21-5 in
24 respect to such taxes is deemed to be a payment of such property taxes.

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

29 SECTION 25. IC 6-1.1-21.7-14 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 14. Loan proceeds
31 received under this chapter may not be considered to be a levy excess
32 under IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

33 SECTION 26. IC 6-1.1-29-9 AS AMENDED BY P.L.273-1999,
34 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JANUARY 1, 2001]: Sec. 9. (a) A county council may adopt an
36 ordinance to abolish the county board of tax adjustment. This ordinance
37 must be adopted by July 1 and may not be rescinded in the year it is
38 adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19,
39 IC 12-19-7, ~~IC 21-2-14~~, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11,
40 IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted,
41 this section governs the treatment of tax rates, tax levies, and budgets
42 that would otherwise be reviewed by a county board of tax adjustment

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1 under IC 6-1.1-17.

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

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

9 SECTION 27. IC 6-1.1-30-9 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 9. (a) The state
11 board of tax commissioners shall select the following employees in the
12 manner prescribed in this section:

13 (1) field representatives;

14 (2) supervisors; **and**

15 (3) employees who are selected to work in the board's division of
16 tax review. **and**

17 ~~(4) employees who are selected to perform the duties assigned to
18 the board under IC 1971, 6-1.1-34.~~

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

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

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

31 (2) select, as nearly as possible, the employees described in
32 subsection (a)(3) ~~of this section~~ so that no more than one-half
33 (1/2) of all those employees belong to any one (1) political party.

34 **and**

35 ~~(3) select, as nearly as possible, the employees described in
36 subsection (a)(4) of this section so that no more than one-half
37 (1/2) of those employees belong to any one (1) political party.~~

38 SECTION 28. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE
39 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2000]:

41 **Chapter 44. Replacement of Property Tax Levies in Allocation**
42 **Areas**



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1 **Sec. 1.** As used in this chapter, "allocation area" refers to an
 2 area that is established under the authority of any of the following
 3 statutes and in which tax increment revenues are collected:

- 4 (1) IC 6-1.1-39.
 5 (2) IC 8-22-3.5.
 6 (3) IC 36-7-14.
 7 (4) IC 36-7-14.5.
 8 (5) IC 36-7-15.1.
 9 (6) IC 36-7-30.

10 **Sec. 2.** As used in this chapter, "base assessed value" means the
 11 base assessed value as that term is defined in IC 6-1.1-39-5(h),
 12 IC 8-22-3.5-9(a), IC 36-7-14-39(a), IC 36-7-15.1-26(a),
 13 IC 36-7-15.1-35(a), or IC 36-7-30-25(a)(2).

14 **Sec. 3.** As used in this chapter, "governing body" means the
 15 following:

- 16 (1) For an allocation area created under IC 6-1.1-39, the fiscal
 17 body of the county (as defined in IC 36-1-2-6).
 18 (2) For an allocation area created under IC 8-22-3.5, the
 19 commission (as defined in IC 8-22-3.5-2).
 20 (3) For an allocation area created under IC 36-7-14, the
 21 redevelopment commission of the unit.
 22 (4) For an allocation area created under IC 36-7-14.5, the
 23 authority created by the unit.
 24 (5) For an allocation area created under IC 36-7-15.1, the
 25 metropolitan development commission of the consolidated
 26 city.
 27 (6) For an allocation area created under IC 36-7-30, the
 28 military base reuse authority.

29 **Sec. 4.** As used in this chapter, "obligation" means an obligation
 30 to repay:

- 31 (1) the principal and interest on bonds;
 32 (2) lease rentals on leases; or
 33 (3) any other contractual obligation;

34 payable from tax increment revenues. The term includes a
 35 guarantee of repayment from tax increment revenues if other
 36 revenues are insufficient to make a payment.

37 **Sec. 5.** As used in this chapter, "property taxes" means:

- 38 (1) property taxes, as defined in IC 6-1.1-39-5(g),
 39 IC 36-7-14-39(a), IC 36-7-15.1-26(a), and IC 36-7-30-25(a)(3);
 40 or
 41 (2) for allocation areas created under IC 8-22-3.5, the taxes
 42 assessed on taxable tangible property in the allocation area.



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1 **Sec. 6.** As used in this chapter, "replacement amount" means
 2 the sum of the property taxes imposed on the assessed value of
 3 property in the allocation area in excess of the base assessed value
 4 in 2000 for:

- 5 (1) school general funds; and
- 6 (2) school transportation funds.

7 **Sec. 7.** As used in this chapter, "tax increment revenues" means
 8 the property taxes attributable to the assessed value of property in
 9 excess of the base assessed value.

10 **Sec. 8. (a)** This chapter applies to an allocation area in which:

- 11 (1) the holders of obligations received a pledge before July 1,
 12 2000, of tax increment revenues to repay any part of the
 13 obligations due after December 31, 2000; and
- 14 (2) the elimination of a school general property tax levy or a
 15 school transportation fund property tax levy adversely affects
 16 the ability of the governing body to repay the obligations
 17 described in subdivision (1).

18 **(b)** A governing body may use one (1) or more of the procedures
 19 described in sections 9 through 11 of this chapter to provide
 20 sufficient funds to repay the obligations described in subsection (a).
 21 The amount raised each year may not exceed the replacement
 22 amount.

23 **Sec. 9. (a)** A governing body may, after a public hearing, impose
 24 a special assessment on the owners of property that is located in an
 25 allocation area to repay a bond or an obligation described in
 26 section 8 of this chapter that comes due after December 31, 2000.
 27 The amount of a special assessment for a taxpayer is determined
 28 by multiplying the replacement amount by a fraction, the
 29 denominator of which is the total incremental assessed value in the
 30 allocation area, and the numerator of which is the incremental
 31 assessed value of the taxpayer's property in the allocation area.

32 **(b)** Before a public hearing under subsection (a) may be held,
 33 the governing body must publish notice of the hearing under
 34 IC 5-3-1. The notice must state that the governing body will meet
 35 to consider whether a special assessment should be imposed under
 36 this chapter and whether the special assessment will help the
 37 governing body realize the redevelopment or economic
 38 development objectives for the allocation area or honor its
 39 obligations related to the allocation area. The notice must also
 40 name a date when the governing body will receive and hear
 41 remonstrances and objections from persons affected by the special
 42 assessment. All persons affected by the hearing, including all



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1 taxpayers within the allocation area, shall be considered notified of
 2 the pendency of the hearing and of subsequent acts, hearings, and
 3 orders of the governing body by the notice. At the hearing, which
 4 may be adjourned from time to time, the governing body shall hear
 5 all persons affected by the proceedings and shall consider all
 6 written remonstrances and objections that have been filed. The
 7 only grounds for remonstrance or objection are that the special
 8 assessment will not help the governing body realize the
 9 redevelopment or economic development objectives for the
 10 allocation area or honor its obligations related to the allocation
 11 area. After considering the evidence presented, the governing body
 12 shall take final action concerning the proposed special assessment.
 13 The final action taken by the governing body shall be recorded and
 14 is final and conclusive, except that an appeal may be taken in the
 15 manner prescribed by subsection (c).

16 (c) A person who filed a written remonstrance with a governing
 17 body under subsection (b) and is aggrieved by the final action
 18 taken may, within ten (10) days after that final action, file in the
 19 office of the clerk of the circuit or superior court a copy of the
 20 order of the governing body and the person's remonstrance or
 21 objection against that final action, together with a bond
 22 conditioned to pay the costs of appeal if the appeal is determined
 23 against the person. The only grounds of remonstrance or objection
 24 that the court may hear are whether the proposed assessment will
 25 help achieve the redevelopment of economic development
 26 objectives for the allocation area or honor its obligations related to
 27 the allocation area. An appeal under this subsection shall be
 28 promptly heard by the court without a jury. All remonstrances or
 29 objections upon which an appeal has been taken must be
 30 consolidated, heard, and determined within thirty (30) days after
 31 the filing of the appeal. The court shall hear evidence on the
 32 remonstrances or objections and may confirm the final action of
 33 the governing body or sustain the remonstrances or objections. The
 34 judgment of the court is final and conclusive, unless an appeal is
 35 taken as in other civil actions.

36 (d) The maximum amount of a special assessment under this
 37 section may not exceed the replacement amount.

38 (e) A special assessment shall be imposed and collected in the
 39 same manner as ad valorem property taxes are imposed and
 40 collected.

41 Sec. 10. (a) For purposes of this section, "additional credit"
 42 means:



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1 (1) for allocation areas created under IC 6-1.1-39, the
2 additional credit described in IC 6-1.1-39-6(a);

3 (2) for allocation areas created under IC 8-22-3.5, the
4 additional credit described in IC 8-22-3.5-10(a);

5 (3) for allocation areas created under IC 36-7-14, the
6 additional credit described in IC 36-7-14-39.5(c);

7 (4) for allocation areas created under IC 36-7-14.5, the
8 additional credit described in IC 36-7-14.5-12.5(d)(5);

9 (5) for allocation areas created under IC 36-7-15.1:

10 (A) the additional credit described in IC 36-7-15.1-26.5(e);

11 or

12 (B) the credit described in IC 36-7-15.1-35(d); or

13 (6) for allocation areas created under IC 36-7-30, the
14 additional credit described in IC 36-7-30-25(b)(2)(E).

15 (b) In order to raise the replacement amount, the governing
16 body of each allocation area may deny all or a part of the
17 additional credit.

18 **Sec. 11. If a governing body does not impose a special**
19 **assessment under section 9 of this chapter or deny all or part of the**
20 **additional credit under section 10 of this chapter, the governing**
21 **body may, in order to provide sufficient funds to repay the**
22 **obligations described in section 8(a) of this chapter, use any tax**
23 **increment revenues that exceed:**

24 (1) the amount pledged to pay the principal and interest of
25 obligations; and

26 (2) any amounts used to provide debt service reserve for
27 obligations payable solely or in part from tax increment
28 revenues or from other revenues.

29 SECTION 29. IC 6-3.1-2-1 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. As used in this
31 chapter, the following terms have the following meanings:

32 (1) "Eligible teacher" means a teacher:

33 (A) certified in a shortage area by the professional standards
34 board established by IC 20-1-1.4; and

35 (B) employed under contract during the regular school term by
36 a school corporation in a shortage area.

37 (2) "Qualified position" means a position that:

38 (A) is relevant to the teacher's academic training in a shortage
39 area; and

40 (B) has been approved by the Indiana state board of education
41 under section 6 of this chapter.

42 (3) "Regular school term" means the period, other than the school

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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 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. As used in this
15 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
39 income tax, or the county economic development income tax is in
40 effect.

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

42 "Nonresident county taxpayer" as it relates to a county for a year

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1 means any county taxpayer for that county for that year who is not a
2 resident county taxpayer of that county for that year.

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

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

9 SECTION 31. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 14. (a) In
11 determining the amount of property tax replacement credits civil taxing
12 units and school corporations of a county are entitled to receive during
13 a calendar year, the state board of tax commissioners shall consider
14 only property taxes imposed on tangible property that was assessed in
15 that county.

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

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

27 (d) A school corporation shall treat any property tax replacement
28 credits that the school corporation receives or is to receive during a
29 particular calendar year as a part of its property tax levy for its ~~general~~
30 ~~fund~~, debt service fund, capital projects fund, ~~transportation fund~~, and
31 special education preschool fund in proportion to the levy for each of
32 these funds for that same calendar year for purposes of fixing its
33 budget. ~~and for purposes of the property tax levy limits imposed by~~
34 ~~IC 6-1.1-19.~~ A school corporation shall allocate the property tax
35 replacement credits described in this subsection to all ~~five (5)~~ **three (3)**
36 funds in proportion to the levy for each fund.

37 SECTION 32. IC 20-1-1.3-8 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 8. (a) A public
39 school that receives a monetary award under this chapter may expend
40 that award for any educational purpose for that school, except:

- 41 (1) athletics;
42 (2) salaries for school personnel; or



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1 (3) salary bonuses for school personnel.

2 (b) A monetary award may not be used to determine

3 ~~(1) the maximum permissible general fund ad valorem property~~
4 ~~tax levy under IC 6-1.1-19-1.5; or~~

5 ~~(2) the tuition support under IC 21-3-1.6; IC 21-3-1.7~~

6 of the school corporation of which the school receiving the monetary
7 award is a part.

8 SECTION 33. IC 20-1-6-1 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. As used in this
10 chapter, the following terms have the following meanings:

11 (1) "Child with a disability" means any child who is at least three
12 (3) years of age but less than twenty-two (22) years of age and
13 who because of physical or mental disability is incapable of being
14 educated properly and efficiently through normal classroom
15 instruction, but who with the advantage of a special educational
16 program may be expected to benefit from instruction in
17 surroundings designed to further the educational, social, or
18 economic status of the child. Public schools may operate special
19 education programs for hearing impaired children as young as six
20 (6) months of age on an experimental basis upon the approval of
21 the superintendent of public instruction and the Indiana state
22 board of education.

23 (2) "Division" means the division of special education within the
24 department of education.

25 (3) "Director" means the director of the division of special
26 education.

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

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

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

34 (B) the child's teacher;

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

36 (D) if appropriate, the child; and

37 (E) if the provision of services for a seriously emotionally
38 disabled child is considered, a mental health professional
39 provided by the community mental health center (as described
40 under IC 12-29) or a managed care provider (as defined in
41 IC 12-7-2-127(b)) and serving the community in which the
42 child resides;



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1 and that describes the special education to be provided to the
2 child.

3 (6) "Preschool child with a disability" refers to a disabled child
4 who is at least three (3) years of age by September 1 of the
5 1989-90 school year, August 1 of the 1990-91 school year, July
6 1 of the 1991-92 school year, or June 1 of the 1992-93 school year
7 and every subsequent school year.

8 (7) "Special education" means instruction specially designed to
9 meet the unique needs of a child with a disability. It includes
10 transportation, developmental, corrective, and other support
11 services and training only when required to assist a child with a
12 disability to benefit from the instruction itself.

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

14 SECTION 34. IC 20-2-2-3 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. (a) The
16 township trustees of each and every township of each county shall
17 perform all the civil functions performed before March 13, 1947, by
18 such township trustees and together with other township trustees of the
19 county shall constitute a county board of education for the purpose of
20 managing the affairs of the county school corporation hereby created
21 in each such county. School cities and school towns shall retain
22 independent organization and administration unless abandoned as
23 provided by law, and the county school corporation, also referred to in
24 this chapter as the county, shall include all areas not organized on
25 March 13, 1947, under the laws of this state into jurisdictions
26 controlled and governed as school cities or school towns. Said county
27 board of education may be referred to interchangeably as the county
28 board of school trustees and as the board. Said board shall meet at such
29 time as the board shall designate at the office of the county
30 superintendent of schools and at such other times and places as the
31 county superintendent of schools may deem necessary. At the first
32 meeting of each year, to be held on the first Wednesday after the first
33 Monday in January, the board shall organize by selecting a president,
34 a vice president, a secretary, and a treasurer from its membership.
35 Provided, however, that no later than April 12, 1947, it shall be the
36 duty of the county superintendent of schools to call said board into
37 special session and unless the county board of education shall elect to
38 have the provisions of this section remain inoperative, under provisions
39 that may be included within this section, said board shall so organize
40 itself, except that the failure of the county superintendent of schools to
41 call the county board of education into session within the prescribed
42 limits of this section shall not be construed to mean that a county

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1 school corporation as described in this section shall be brought into
 2 existence in such county, and no such county school corporation shall
 3 be brought into existence until the board has met in special session
 4 subsequent to March 13, 1947, and has taken action to organize itself
 5 into a county school corporation, after consideration of the question
 6 whether it should elect to have the provisions of this section remain
 7 inoperative under provisions that may be included within this section.
 8 Such organization when and if effected shall be filed with the county
 9 auditor and shall be published by said auditor in two (2) newspapers of
 10 different political persuasions of general circulation throughout the
 11 county within ten (10) days after such filing, and such organization
 12 shall be deemed to fulfill all the requirements of this section for the
 13 transacting of public business under this section. The secretary of the
 14 board shall keep an accurate record of the minutes of the board, which
 15 minutes shall be kept at the county superintendent's office. The county
 16 superintendent shall act as administrator of the board and shall carry
 17 out such acts and duties as shall be designated by the board. A quorum
 18 shall consist of two-thirds (2/3) of the members of the board.

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

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

32 (d) The government of the common schools of the county shall be
 33 vested in the board, and the board shall function with all the authority,
 34 powers, privileges, duties, and obligations granted to or required of
 35 school cities before March 13, 1947, and school towns and their
 36 governing boards generally under the laws pertaining thereto with
 37 reference to the purchase of supplies, purchase and sale of buildings,
 38 grounds, and equipment, the erection of buildings, the employment and
 39 dismissal of school personnel, the right and power to sue and be sued
 40 in the name of the county, the insuring of property and employees, ~~the~~
 41 ~~levying and collecting of taxes~~, the making and executing of a budget,
 42 the borrowing of money, the paying of the salaries and expenses of the



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county superintendent and employees as approved by the board and to any act necessary to the proper administration of the common schools of the county.

(e) Such school corporations shall be vested with all right, title, and interest of their respective predecessor township school corporations hereby terminated to and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness and liabilities of the same.

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

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

~~(h) Every such board shall have, as respects the levy of taxes by it, power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board; and~~ It is hereby made the duty of such board annually to levy a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board.

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

SECTION 35. IC 20-2-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 2. Said school trustees shall maintain in each school corporation a term of school at least six (6) months in duration. ~~and shall authorize a local tuition levy sufficient to conduct a six (6) months term of school each year based on estimates and receipts from all sources for the previous year, which~~

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1 may include that received from the state's tuition revenue: Provided;
2 Such levy shall not exceed the limit now provided by law.

3 SECTION 36. IC 20-3-11-18 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 18. Every such
5 board of school commissioners: ~~shall have;~~

6 (1) ~~may,~~ as respects the levy of taxes by it, ~~power~~ annually to levy
7 such amount of taxes as in the judgment of said board, made
8 matter of record in its minutes, should be levied to produce
9 income sufficient to conduct and carry on the work committed to
10 such board **for the purposes of any fund other than the school**
11 **general fund or school transportation fund;** and it is hereby
12 **made the duty of said board**

13 (2) ~~shall~~ annually to levy a sum sufficient to meet all payments of
14 principal and interest as they will mature in the year for which
15 such levy is made on the bonds, notes, or other obligations of said
16 board. ~~and the fund arising from any levy made by such board~~
17 ~~shall be known as its "general fund."~~ Said general fund may
18 lawfully be used by said board for any purpose within the scope
19 of the duties of such board as imposed by law.

20 SECTION 37. IC 20-3-11-20 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 20. (a) Each such
22 board of school commissioners may from time to time, whenever its
23 general fund shall be exhausted or in the board's judgment be in danger
24 of exhaustion, make temporary loans for the use of its general fund to
25 be paid out of ~~the proceeds of taxes theretofore levied by such school~~
26 ~~city for its money to be deposited in the~~ general fund. The amount so
27 borrowed in aid of said general fund shall be paid into said general
28 fund and may be used for any purpose for which the said general fund
29 lawfully may be used. Any such temporary loan shall be evidenced by
30 the promissory note or notes of said school city, shall bear interest at
31 not more than seven percent (7%) per annum, interest payable at the
32 maturity of the note or periodically, as the note may express, and shall
33 mature at such time or times as the board of school commissioners may
34 decide, but not later than one (1) year from the date of the note. No
35 such loan or loans made in any one (1) calendar year shall be for a sum
36 greater than the amount estimated by said board as the ~~proceeds money~~
37 ~~to be received by it from the levy of taxes theretofore made by said~~
38 ~~school city in behalf of its said deposited in the~~ general fund **before**
39 **the due date of the note.** Successive loans may be made in aid of said
40 general fund in any calendar year, but the aggregate amount thereof,
41 outstanding at any one (1) time, shall not exceed such estimated
42 proceeds of taxes levied in behalf of the said general fund: **amounts to**

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1 **be deposited in the general fund during the terms of the notes.**

2 (b) No such loan shall be made until notice asking for bids therefor
3 shall have been given by newspaper publication, which publication
4 shall be made one (1) time in a newspaper published in said city and
5 said publication shall be at least seven (7) days before the time when
6 bids for such loans will be opened. Bidders shall name the amount of
7 interest they agree to accept not exceeding seven percent (7%) per
8 annum, and the loan shall be made to the bidder or bidders bidding the
9 lowest rate of interest. The note or notes or warrants shall not be
10 delivered until the full price of the face thereof shall be paid to the
11 treasurer of said school city, and no interest shall accrue thereon before
12 such delivery.

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



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1 (d) If said state board of tax commissioners shall find and order that
 2 there is need for such temporary loan, and that it should be made, and
 3 said state board of accounts shall find that the money proposed to be
 4 borrowed will not be needed during the period of the temporary loan by
 5 the fund from which it is to be borrowed, and said two (2) state boards
 6 shall approve the loan, the business manager and treasurer of said
 7 school city shall, upon such approval by said two (2) state boards, take
 8 all steps necessary to transfer the amount of such loans, as a temporary
 9 loan from the fund to be borrowed from, to said general fund of such
 10 school city. The loan so effected shall, for all purposes, be a debt of the
 11 school city chargeable against its constitutional debt limit.

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

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

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

35 SECTION 38. IC 20-3.1-15-1 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. To provide the
 37 board with the necessary flexibility and resources to carry out this
 38 article, the following apply:

- 39 (1) The board may eliminate or modify existing policies and
 40 create new policies, and alter policies from time to time, subject
 41 to this article and the plan developed under IC 20-3.1-7.
 42 (2) IC 20-7.5 does not apply to matters set forth in this article.



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

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- 1 nonschool use when the equipment is not in use for a school
- 2 city purpose.
- 3 (B) Establish a professional development and technology fund
- 4 to be used for:
- 5 (i) professional development; or
- 6 (ii) technology, including video distance learning.
- 7 (C) Transfer funds obtained from sources other than state or
- 8 local government taxation among any account of the school
- 9 corporation, including a professional development and
- 10 technology fund established under clause (B).
- 11 (6) Transfer funds ~~obtained from property taxation among~~
- 12 **between** the general fund (established under IC 21-2-11) and the
- 13 school transportation fund (established under IC 21-2-11.5).
- 14 **subject to the following:**
- 15 ~~(A) The sum of the property tax rates for the general fund and~~
- 16 ~~the school transportation fund after a transfer occurs under this~~
- 17 ~~subdivision may not exceed the sum of the property tax rates~~
- 18 ~~for the general fund and the school transportation fund before~~
- 19 ~~a transfer occurs under this clause.~~
- 20 ~~(B) However, this clause subdivision~~ does not allow a school
- 21 corporation to transfer to any other fund money from the debt
- 22 service fund (established under IC 21-2-4).

23 SECTION 39. IC 20-4-1-18 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 18. (a) Whenever
 25 the creation of a community school corporation out of an existing
 26 corporation would involve no change in its territorial boundaries or in
 27 its board of school trustees or other governing body, other than a
 28 change, if any, in the time of election or appointment or the time the
 29 board members take office, and such creation is consistent with the
 30 standards set up pursuant to the provisions of this chapter as modified,
 31 if any, by the standards set out in this section, the state board may upon
 32 its own motion or upon petition of the governing body of the existing
 33 school corporation at any time with hearing in the county where such
 34 school corporation is located, after notice by publication at least once
 35 in one (1) newspaper of general circulation published in the county
 36 where such school corporation is located, at least ten (10) but not more
 37 than thirty (30) days prior to the date of such hearing and without
 38 action of the county committee declare such existing school
 39 corporation to be a community school corporation by adopting a
 40 resolution to this effect. Such existing school corporation shall qualify
 41 as to size and financial resources if it has an average daily attendance
 42 of two hundred seventy (270) or more, in grades nine (9) through

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1 twelve (12), or of one thousand (1000) or more, in grades one (1)
2 through twelve (12), and has an assessed valuation per pupil of five
3 thousand dollars (\$5,000) or more. For the purposes of this provision
4 the following terms shall have the following meanings:

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

11 (2) "Assessed valuation" of any school corporation shall mean the
12 net assessed value of its real and personal property as of March 1,
13 1964, adjusted in the same manner as such assessed valuation is
14 adjusted for each county by the state board of tax commissioners
15 under Acts 1949, c.247, s.5, as now or hereafter amended, unless
16 such statute has been repealed or no longer provides for such
17 adjustment. In the event a county has a county tax, then the
18 assessed valuation of each school corporation in the county shall
19 be increased by the amount of assessed valuation, if any, which
20 would be required to raise an amount of money, equal to the
21 excess of the amount distributed to any school corporation from
22 the county tax over the amount collected from such county tax in
23 such school corporation, using total taxes levied by such school
24 corporation in terms of rate excluding the countywide tax under
25 Acts 1959, c.328, s.2, or any similar statute, and including all
26 other taxes levied by or for such school corporation, including but
27 not limited to the county tax, bond fund levy, lease rental levy,
28 library fund levy, special school fund levy, ~~tuition fund levy~~,
29 capital projects fund levy, and special funds levies. Such
30 increased valuation shall be based on the excess distributed to the
31 school corporation from the county tax levied for the year 1964
32 and the total taxes levied for such year, or if the county tax is first
33 applied or is raised for years after 1964, then the excess
34 distributions and total taxes levied for the year in which such tax
35 is first applied or raised. In the event such excess distribution and
36 total taxes levied cannot be determined accurately on or prior to
37 the adoption of the resolution provided in this section, excess
38 distribution and taxes levied shall be estimated by the state board
39 of tax commissioners using the last preceding assessed valuations
40 and tax rates or such other information as they shall see fit,
41 certifying such increased assessment to the state board prior to
42 such time. In all cases, the excess distribution shall be determined

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upon the assumption that the county tax is one hundred percent (100%) collected and all collections are distributed.

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

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

(b) Such community school corporation shall automatically come into being on either July 1 or January 1 following the date of such approval, whichever is earlier. The state board shall mail by certified United States mail, return receipt requested, a copy of such resolution certified by its director or its secretary to the recorder of the county from which the county committee having jurisdiction of such existing school corporation was appointed and to such county committee. Such resolution may change the time of election or appointment of the board members of such school corporation or the time such board members take office. The recorder shall without cost record such certified resolution in the miscellaneous records of the county. Such recording shall constitute a permanent record of the action of the state board and may be relied on by any person. Unless the resolution otherwise provides, no interim board member shall be appointed, the board members in office on the date of such action shall continue to constitute the board of trustees of such school corporation until their successors are qualified, and the terms of their respective office and board membership shall remain unchanged except to the extent that such resolution otherwise provides. For all purposes under this chapter, community school corporation shall be regarded as a school corporation created under the provisions of section 22 of this chapter.

SECTION 40. IC 20-4-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 9. Except as otherwise provided with respect to the power to issue bonds in section 10 of this chapter, said school board shall perform the duties and shall have all the powers vested in the school board or board of trustees of

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1 a school city of the class in which the consolidated school corporation
2 would fall on the basis of its population according to the last preceding
3 United States census under the statutes of this state, if it were organized
4 as a school city. In the event, however, such consolidated school
5 corporation has a population determined in such manner of less than
6 two thousand (2,000), such school board shall perform the duties and
7 shall have all the powers vested in the school board of a school town.
8 The cost of maintaining such consolidated schools shall be borne by the
9 consolidated school corporation as a single tax unit. ~~Taxes to meet such~~
10 ~~cost shall be levied by said consolidated school board at a uniform and~~
11 ~~equal rate on all the taxable property located within the limits of said~~
12 ~~consolidated school corporation, and collected in the city or cities,~~
13 ~~town or towns, township or townships in the same manner as other~~
14 ~~taxes are levied and collected.~~

15 SECTION 41. IC 20-4-8-11 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 11. (a) The board
17 as above referred to shall make decisions pertaining to the general
18 conduct of the schools which shall be enforced as entered upon the
19 minutes recorded by the secretary of the board, and subject to
20 provisions in this chapter otherwise, shall exercise all powers
21 previously exercised under the law, by or through township trustees or
22 meetings or petitions of the township trustees of the county, or county
23 boards of education previously existing and such offices, namely,
24 township trustee, county board or county boards of education insofar
25 as the conduct of public schools is concerned are abolished as of noon
26 on the day and date the county school corporation is created and comes
27 into existence under this chapter.

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

31 (c) The government of the common schools of the county shall be
32 vested in the board, and the board shall function with all the authority,
33 powers, privileges, duties, and obligations previously granted to or
34 required of school cities and their governing boards generally under the
35 laws pertaining thereto with reference to the purchase of supplies,
36 purchase and sale of buildings, grounds, and equipment, the erection
37 of buildings, the employment and dismissal of school personnel, the
38 insuring of property and employees, the levying and collecting of taxes;
39 the making and executing of a budget, the borrowing of money, the
40 paying of the salaries and expenses of the county superintendent and
41 employees as approved by the board, shall be a body corporate and
42 politic by the name and style of "The County School Corporation of

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1 _____ County, Indiana" with the right to prosecute and defend suits;
 2 and shall act in any manner necessary to the proper administration of
 3 the common schools of the county.

4 (d) School corporations shall be vested with all rights, titles, and
 5 interests of their respective predecessor township and town school
 6 corporations terminated; and in all the real, personal, and other
 7 property of any nature and from whatever source derived, and shall
 8 assume, pay, and be liable for all the indebtedness, obligations, and
 9 liabilities and duties of the predecessor corporations from whatever
 10 source derived and however arising, and shall institute and defend suits
 11 arising out of aforesaid liabilities, obligations, duties, and rights
 12 assumed as a county school corporation.

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

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

29 (g) ~~Every such board shall have the power annually to levy such~~
 30 ~~amount of taxes as in the judgment of such board; made matter of~~
 31 ~~record in its minutes; should be levied to produce income sufficient to~~
 32 ~~conduct and carry on the common schools committed to such board;~~
 33 ~~and~~ It is made the duty of such board annually to levy a rate and levy
 34 that will produce a sum sufficient to meet all payments of principal and
 35 interest as they will mature in the year for which such levy is made on
 36 the bonds, notes, or other obligations of such board.

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

40 SECTION 42. IC 20-4-8-21 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 21. (a) The board
 42 as referred to in this chapter shall make decisions pertaining to the

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1 general conduct of the schools which shall be enforced as entered upon
 2 the minutes recorded by the secretary of the board, and, subject to this
 3 chapter, shall exercise all powers previously exercised under the law,
 4 by or through township trustees or meetings or petitions of the
 5 township trustees of the county, ~~and/or~~ ~~or~~ county boards of education
 6 previously existing, and such offices, namely township trustee, county
 7 board ~~and/or~~ ~~or~~ county boards of education insofar as the conduct of
 8 public schools is concerned are hereby abolished as of noon on the day
 9 and date the metropolitan school district is created and comes into
 10 existence.

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

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

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

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

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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) ~~Every such board shall have the power annually to levy such~~
 10 ~~amount of taxes as in the judgment of such board, made matter of~~
 11 ~~record in its minutes, should be levied to produce income sufficient to~~
 12 ~~conduct and carry on the common schools committed to such board;~~
 13 ~~and~~ It is hereby made the duty of such board annually to levy a rate and
 14 levy that will produce a sum sufficient to meet all payments of
 15 principal and interest as they will mature in the year for which such
 16 levy is made on the bonds, notes, or other obligations of such board.

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

20 SECTION 43. IC 20-4-10.1-3 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. (a) Each plan
 22 is subject to the following limitations:

23 (1) A member of the governing body may not serve for a term of
 24 more than four (4) years, but may succeed himself in office. This
 25 limitation does not, however, apply to members who hold over
 26 during an interim period to effect a new plan awaiting the
 27 selection and qualification of a member under the new plan.

28 (2) The plan, if the members are to be elected, shall conform with
 29 one (1) of the types of board organization permitted by
 30 IC 20-4-1-26.2, or, if appointed, shall conform with one (1) of the
 31 types permitted by IC 20-4-1-26.3.

32 (3) The terms of the members of the governing body, either
 33 elected to or taking office on or before the time the plan takes
 34 effect, may not be shortened. The terms of the members taking
 35 office pursuant to the plan shall be shortened, if necessary, to
 36 make the plan workable on a permanent basis.

37 (4) If the plan provides for electoral districts, where any member
 38 of the governing body is elected solely by the voters of a single
 39 district, the districts must be as near as practicable equal in
 40 population. The districts shall be reapportioned and their
 41 boundaries changed, if necessary, by resolution of the governing
 42 body prior to the election next following the effective date of the



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1 subsequent decennial census to preserve the equality by
2 resolution of the governing body.

3 (5) The plan must comply with the Constitution of the State of
4 Indiana and the Constitution of the United States, including the
5 equal protection clauses of the constitutions.

6 (6) The provisions of IC 20-4-1-26.1 through ~~IC 20-4-1-26.9~~
7 **IC 20-4-1-26.8** relating to the board of trustees of a community
8 school corporation and to the community school corporation,
9 including provisions relating to powers of the board and
10 corporation and provisions relating to the mechanics of selection
11 of the board, where elected and where appointed, apply to any
12 governing body set up by a plan pursuant to this chapter and to
13 the school corporation.

14 (b) The limitations set out in this section need not be specifically set
15 out in any plan, but are a part of the plan. Any plan shall be construed,
16 if possible, to comply with this chapter. If any provision of the plan, or
17 any application of the plan, violates this chapter, the invalidity does not
18 affect the other provisions or applications of the plan that can be given
19 effect without the invalid provision or application. To this end, all
20 provisions of any plan are severable.

21 SECTION 44. IC 20-4-16-1 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. As used in this
23 chapter, the following terms shall have the following meanings:

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

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

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

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

33 (e) "Tax receipts" shall be the amounts received from the tax levy
34 for the ~~tuition and~~ special school funds by the original school
35 corporation from the annexed territory.

36 SECTION 45. IC 20-4-19-6 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 6. The merged
38 school corporation shall have all the powers provided in IC 20-4-1-26.1
39 through ~~IC 20-4-1-26.9~~. **IC 20-4-1-26.8**.

40 SECTION 46. IC 20-5-4-6 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 6. If the
42 governing board shall find, by written resolution, that an emergency

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1 exists which requires the expenditure of any money for any lawful
 2 corporate purpose which was not included in its existing budget, ~~and~~
 3 ~~tax levy~~; it may authorize the making of an emergency loan, **to be**
 4 **repaid before the end of the following budget year**, which may be
 5 evidenced by the issuance of its note or notes in the same manner and
 6 subject to the same procedure and restrictions as provided for the
 7 issuance of its bonds, except as to purpose. **Subject to IC 6-1.1-19-1.9**,
 8 at the time for making the next annual budget and tax levy for such
 9 school corporation, the governing body shall make a levy to the credit
 10 of the fund for which such expenditure is made sufficient to pay such
 11 debt and the interest thereon; however, the interest on the loan may be
 12 paid from the debt service fund.

13 SECTION 47. IC 20-5-4-8 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 8. (a) Whenever
 15 the governing board of a school corporation finds and declares that an
 16 emergency exists for the borrowing of money with which to pay current
 17 expenses from a particular fund before the receipt of ~~revenues from~~
 18 ~~taxes levied or state tuition support distributions~~ **money** for such fund,
 19 the governing board may issue warrants in anticipation of the receipt
 20 of said ~~revenues~~: **money**.

21 (b) The principal of these warrants shall be payable solely from the
 22 fund ~~for which the taxes are levied~~ **that receives the loan proceeds** or
 23 from the general fund in the case of anticipated state tuition support
 24 distributions. ~~However~~; The interest on these warrants may be paid
 25 from the debt service fund, from the fund ~~for which the taxes are~~
 26 ~~levied~~; **that receives the loan proceeds**, or ~~from~~ the general fund in
 27 the case of anticipated state tuition support distributions.

28 (c) The amount of principal of temporary loans maturing on or
 29 before June 30 for any fund shall not exceed eighty percent (80%) of
 30 the amount of ~~taxes and state tuition support distributions~~ **money**
 31 estimated to be ~~collected or~~ received for and distributed to the fund **at**
 32 **not later than** the June settlement.

33 (d) The amount of principal of temporary loans maturing after June
 34 30, and on or before December 31, shall not exceed eighty percent
 35 (80%) of the amount of ~~taxes and state tuition support distributions~~
 36 **money** estimated to be ~~collected or~~ received ~~for and distributed to in~~
 37 the fund **at not later than** the December settlement.

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

42 (f) The estimated amount of ~~taxes and state tuition support~~



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1 ~~distributions money~~ to be ~~collected or received and distributed~~ shall be
 2 made by the county auditor or the auditor's deputy. The warrants
 3 evidencing any loan in anticipation of ~~tax revenue or state tuition~~
 4 ~~support distributions~~ shall not be delivered to the purchaser of the
 5 warrant nor payment made on the warrant before January 1 of the year
 6 the loan is to be repaid. However, the proceedings necessary to the loan
 7 may be held and carried out before January 1 and before the approval.
 8 The loan may be made even though a part of the last preceding June or
 9 December settlement has not yet been received.

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

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

23 SECTION 48. IC 20-5-13-9 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 9. (a) All school
 25 cities, school townships, school towns, and joint districts are hereby
 26 authorized to establish, equip, operate, and maintain school kitchens
 27 and school lunch rooms, for the improvement of the health of the
 28 school children attending school therein, and for the advancement of
 29 the educational work of their respective schools; to employ all
 30 necessary directors, assistants, and agents; and appropriate funds of
 31 such school corporations for such purpose. Such participation in a
 32 school lunch program pursuant to the provisions of this chapter shall
 33 be discretionary with the governing board of any school corporation.

34 (b) In the event that federal funds are not available for the purpose
 35 of carrying on a school lunch program, the state of Indiana shall not
 36 participate in such school lunch program and any money appropriated
 37 by the state of Indiana for such purpose, and not expended, shall
 38 immediately revert to the state general fund. Failure on the part of the
 39 state of Indiana to participate in the school lunch program shall not
 40 invalidate any appropriation made or school lunch program carried on
 41 by any school corporation by means of gifts or **other** money ~~raised by~~
 42 ~~tax levy pursuant to the provisions of this chapter~~ **available** for the



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1 purpose of such school lunch program.

2 SECTION 49. IC 20-5-17.5-2 (CURRENT VERSION) IS
 3 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 4 2001]: Sec. 2. (a) This subsection does not apply to a school
 5 corporation in a county having a population of more than two hundred
 6 thousand (200,000) but less than three hundred thousand (300,000).
 7 The governing body of a school corporation may annually **levy and**
 8 appropriate, from its general fund, a sum ~~of that does not more than~~
 9 **exceed the amount that would be raised by a property tax rate of**
 10 one and one-half cents (\$0.015) on each one hundred dollars (\$100) of
 11 assessed valuation in the school corporation to be paid to a historical
 12 society, subject to subsection (c).

13 (b) This subsection applies only to a school corporation in a county
 14 having a population of more than two hundred thousand (200,000) but
 15 less than three hundred thousand (300,000). To provide funding for a
 16 historical society under this section, the governing body of a school
 17 corporation may impose a **property tax rate** of not more than one and
 18 one-half cents (\$0.015) on each one hundred dollars (\$100) of assessed
 19 valuation in the school corporation. ~~This tax is not subject to the tax~~
 20 ~~levy limitations imposed on the school corporation by IC 6-1.1-19-1.5~~
 21 ~~or the provisions of IC 21-2-11-8.~~ The school corporation shall deposit
 22 the proceeds of the tax in a fund to be known as the historical society
 23 fund. The historical society fund is separate and distinct from the
 24 school corporation's general fund and may be used only for the purpose
 25 of providing funds for a historical society under this section. Subject to
 26 subsection (c), the governing body of the school corporation may
 27 annually appropriate the money in the fund to be paid in semiannual
 28 installments to a historical society having facilities in the county.

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

- 31 (1) the governing body of the school corporation to appoint its
 32 superintendent and one (1) of its history teachers as visitors, with
 33 the privilege of attending all meetings of the society's governing
 34 board;
- 35 (2) the governing body of the school corporation to nominate two
 36 (2) persons for membership on the society's governing board;
- 37 (3) the school corporation to use any of the society's facilities and
 38 equipment for educational purposes consistent with the society's
 39 purposes;
- 40 (4) the students and teachers of the school corporation to tour the
 41 society's museum, if any, free of charge; and
- 42 (5) the school corporation to borrow artifacts from the society's



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1 collection, if any, for temporary exhibit in the schools.

2 SECTION 50. IC 20-5-17.5-2 (DELAYED VERSION) IS
3 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
4 2001]: Sec. 2. (a) This subsection does not apply to a school
5 corporation in a county having a population of more than two hundred
6 thousand (200,000) but less than three hundred thousand (300,000).
7 The governing body of a school corporation may annually **levy and**
8 appropriate, from its general fund, a sum ~~of that does not exceed the~~
9 **amount that would be raised by a property tax rate of** more than
10 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of
11 assessed valuation in the school corporation to be paid to a historical
12 society, subject to subsection (c).

13 (b) This subsection applies only to a school corporation in a county
14 having a population of more than two hundred thousand (200,000) but
15 less than three hundred thousand (300,000). To provide funding for a
16 historical society under this section, the governing body of a school
17 corporation may impose a **property tax rate** of not more than
18 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of
19 assessed valuation in the school corporation. ~~This tax is not subject to~~
20 ~~the tax levy limitations imposed on the school corporation by~~
21 ~~IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~ The school
22 corporation shall deposit the proceeds of the tax in a fund to be known
23 as the historical society fund. The historical society fund is separate
24 and distinct from the school corporation's general fund and may be
25 used only for the purpose of providing funds for a historical society
26 under this section. Subject to subsection (c), the governing body of the
27 school corporation may annually appropriate the money in the fund to
28 be paid in semiannual installments to a historical society having
29 facilities in the county.

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

- 32 (1) the governing body of the school corporation to appoint its
33 superintendent and one (1) of its history teachers as visitors, with
34 the privilege of attending all meetings of the society's governing
35 board;
- 36 (2) the governing body of the school corporation to nominate two
37 (2) persons for membership on the society's governing board;
- 38 (3) the school corporation to use any of the society's facilities and
39 equipment for educational purposes consistent with the society's
40 purposes;
- 41 (4) the students and teachers of the school corporation to tour the
42 society's museum, if any, free of charge; and



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

3 SECTION 51. IC 20-5-17.5-3 (CURRENT VERSION) IS
4 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
5 2001]: Sec. 3. (a) This section applies to school corporations in a
6 county containing a city having a population of:

- 7 (1) more than one hundred fifty thousand (150,000) but less than
8 five hundred thousand (500,000);
9 (2) more than one hundred twenty thousand (120,000) but less
10 than one hundred fifty thousand (150,000);
11 (3) more than one hundred ten thousand (110,000) but less than
12 one hundred twenty thousand (120,000);
13 (4) more than ninety thousand (90,000) but less than one hundred
14 ten thousand (110,000); or
15 (5) more than seventy-five thousand (75,000) but less than ninety
16 thousand (90,000).

17 (b) In order to provide funding for an art association under this
18 section, the governing body of a school corporation may impose a tax
19 of not more than one and one-half cents (\$0.015) on each one hundred
20 dollars (\$100) of assessed valuation in the school corporation. ~~This tax~~
21 ~~is not subject to the tax levy limitations imposed on the school~~
22 ~~corporation by IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~

23 (c) The school corporation shall deposit the proceeds of the tax
24 imposed under subsection (b) in a fund to be known as the art
25 association fund. The art association fund is separate and distinct from
26 the school corporation's general fund and may be used only for the
27 purpose of providing funds for an art association under this section.
28 The governing body of the school corporation may annually
29 appropriate the money in the fund to be paid in semiannual installments
30 to an art association having facilities in a city that is listed in subsection
31 (a), subject to subsection (d).

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

- 34 (1) the governing body of the school corporation to appoint its
35 superintendent and its director of art instruction as visitors, with
36 the privilege of attending all meetings of the association's
37 governing board;
38 (2) the governing body of the school corporation to nominate
39 persons for membership on the association's governing board,
40 with at least two (2) of the nominees to be elected;
41 (3) the school corporation to use any of the association's facilities
42 and equipment for educational purposes consistent with the



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- 1 association's purposes;
- 2 (4) the students and teachers of the school corporation to tour the
- 3 association's museum and galleries free of charge;
- 4 (5) the school corporation to borrow materials from the
- 5 association for temporary exhibit in the schools;
- 6 (6) the teachers of the school corporation to receive normal
- 7 instruction in the fine and applied arts at half the regular rates
- 8 charged by the association; and
- 9 (7) the school corporation to expect such exhibits in the
- 10 association's museum as will supplement the work of the students
- 11 and teachers of the corporation.

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

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

19 (f) Whenever more than one (1) art association in a city that is listed
 20 in subsection (a) qualifies to receive payments under this section, the
 21 governing body of the school corporation shall select the one (1) art
 22 association best qualified to perform the services described by
 23 subsection (c). A school corporation may select only one (1) art
 24 association to receive payments under this section.

25 SECTION 52. IC 20-5-17.5-3 (DELAYED VERSION) IS
 26 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
 27 2001]: Sec. 3. (a) This section applies to school corporations in a
 28 county containing a city having a population of:

- 29 (1) more than one hundred fifty thousand (150,000) but less than
- 30 five hundred thousand (500,000);
- 31 (2) more than one hundred twenty thousand (120,000) but less
- 32 than one hundred fifty thousand (150,000);
- 33 (3) more than one hundred ten thousand (110,000) but less than
- 34 one hundred twenty thousand (120,000);
- 35 (4) more than ninety thousand (90,000) but less than one hundred
- 36 ten thousand (110,000); or
- 37 (5) more than seventy-five thousand (75,000) but less than ninety
- 38 thousand (90,000).

39 (b) In order to provide funding for an art association under this
 40 section, the governing body of a school corporation may impose a tax
 41 of not more than five-tenths of one cent (\$0.005) on each one hundred
 42 dollars (\$100) of assessed valuation in the school corporation. ~~This tax~~

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1 is not subject to the tax levy limitations imposed on the school
2 corporation by IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.

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

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

- 14 (1) the governing body of the school corporation to appoint its
15 superintendent and its director of art instruction as visitors, with
16 the privilege of attending all meetings of the association's
17 governing board;
- 18 (2) the governing body of the school corporation to nominate
19 persons for membership on the association's governing board,
20 with at least two (2) of the nominees to be elected;
- 21 (3) the school corporation to use any of the association's facilities
22 and equipment for educational purposes consistent with the
23 association's purposes;
- 24 (4) the students and teachers of the school corporation to tour the
25 association's museum and galleries free of charge;
- 26 (5) the school corporation to borrow materials from the
27 association for temporary exhibit in the schools;
- 28 (6) the teachers of the school corporation to receive normal
29 instruction in the fine and applied arts at half the regular rates
30 charged by the association; and
- 31 (7) the school corporation to expect such exhibits in the
32 association's museum as will supplement the work of the students
33 and teachers of the corporation.

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

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

41 (f) Whenever more than one (1) art association in a city that is listed
42 in subsection (a) qualifies to receive payments under this section, the

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1 governing body of the school corporation shall select the one (1) art
 2 association best qualified to perform the services described by
 3 subsection (c). A school corporation may select only one (1) art
 4 association to receive payments under this section.

5 SECTION 53. IC 20-5-62-6, AS AMENDED BY P.L.77-1999,
 6 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2001]: Sec. 6. Except as provided in this chapter and
 8 notwithstanding any other law, a freeway school corporation or a
 9 freeway school may do the following during the contract period:

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

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

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

23 (4) Establish a professional development and technology fund to
 24 be used for:

25 (A) professional development; or

26 (B) technology, including video distance learning.

27 However, any money deposited in the professional development
 28 and technology fund for technology purposes must be transferred
 29 to the school technology fund established under IC 21-2-18.

30 (5) Subject to subdivision (4), transfer funds obtained from
 31 sources other than state or local government taxation among any
 32 accounts of the school corporation, including a professional
 33 development and technology fund established under subdivision
 34 (4).

35 (6) Transfer funds ~~obtained from property taxation and from state~~
 36 ~~distributions among between~~ the general fund (established under
 37 IC 21-2-11) and the school transportation fund (established under
 38 IC 21-2-11.5). ~~subject to the following:~~

39 (A) ~~The sum of the property tax rates for the general fund and~~
 40 ~~the school transportation fund after a transfer occurs under this~~
 41 ~~subdivision may not exceed the sum of the property tax rates~~
 42 ~~for the general fund and the school transportation fund before~~

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- 1 ~~a transfer occurs under this subdivision.~~
- 2 **(B) However**, this subdivision does not allow a school
- 3 corporation to transfer to any other fund money from the:
- 4 (i) **(A)** capital projects fund (established under IC 21-2-15);
- 5 or
- 6 (ii) **(B)** debt service fund (established under IC 21-2-4).
- 7 (7) Establish a locally adopted assessment program to replace the
- 8 assessment of students under the ISTEP program established
- 9 under IC 20-10.1-16-8, subject to the following:
- 10 (A) A locally adopted assessment program must be established
- 11 by the governing body and approved by the department.
- 12 (B) A locally adopted assessment program may use a locally
- 13 developed test or a nationally developed test.
- 14 (C) Results of assessments under a locally adopted assessment
- 15 program are subject to the same reporting requirements as
- 16 results under the ISTEP program.
- 17 (D) Each student who completes a locally adopted assessment
- 18 program and the student's parent or guardian has the same
- 19 rights to inspection and rescoring as are set forth in
- 20 IC 20-10.1-16-7(d).
- 21 SECTION 54. IC 20-8.1-3-17 IS AMENDED TO READ AS
- 22 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 17. (a) Subject to
- 23 the specific exceptions under this chapter, each individual shall attend
- 24 either a public school which the individual is entitled to attend under
- 25 IC 20-8.1-6.1 or some other school which is taught in the English
- 26 language.
- 27 (b) An individual is bound by the requirements of this chapter from
- 28 the earlier of the date on which the individual officially enrolls in a
- 29 school or, except as provided in subsection (h), the beginning of the fall
- 30 school term for the school year in which the individual becomes seven
- 31 (7) years of age until the date on which the individual:
- 32 (1) graduates;
- 33 (2) reaches at least sixteen (16) years of age but who is less than
- 34 eighteen (18) years of age and the requirements under subsection
- 35 (j) concerning an exit interview are met enabling the individual to
- 36 withdraw from school before graduation; or
- 37 (3) reaches at least eighteen (18) years of age;
- 38 whichever occurs first.
- 39 (c) An individual who:
- 40 (1) enrolls in school before the fall school term for the school year
- 41 in which the individual becomes seven (7) years of age; and
- 42 (2) is withdrawn from school before the school year described in

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1 subdivision (1) occurs;
2 is not subject to the requirements of this chapter until the individual is
3 reenrolled as required in subsection (b). Nothing in this section shall
4 be construed to require that a child complete grade 1 before the child
5 reaches eight (8) years of age.

6 (d) An individual for whom education is compulsory under this
7 section shall attend school each year:

8 (1) for the number of days public schools are in session in the
9 school corporation in which the individual is enrolled in Indiana;
10 or

11 (2) if the individual is enrolled outside Indiana, for the number of
12 days the public schools are in session where the individual is
13 enrolled.

14 (e) In addition to the requirements of subsections (a) through (d), an
15 individual must be at least five (5) years of age on:

16 (1) July 1 of the 1991-92 school year; or

17 (2) June 1 of the 1992-93 school year or any subsequent school
18 year;

19 to officially enroll in a kindergarten program offered by a school
20 corporation. However, subject to subsection (g), the governing body of
21 the school corporation shall adopt a procedure affording a parent of an
22 individual who does not meet the minimum age requirement set forth
23 in this subsection the right to appeal to the superintendent of the school
24 corporation for enrollment of the individual in kindergarten at an age
25 earlier than the age that is set forth in this subsection.

26 (f) In addition to the requirements of subsections (a) through (e),
27 and subject to subsection (g), if an individual enrolls in school as
28 permitted under subsection (b) and has not attended kindergarten, the
29 superintendent of the school corporation shall make a determination as
30 to whether the individual shall enroll in kindergarten or grade 1 based
31 on the particular model assessment adopted by the governing body
32 under subsection (g).

33 (g) To assist the principal and governing bodies, the department
34 shall do the following:

35 (1) Establish guidelines to assist each governing body in
36 establishing a procedure for making appeals to the superintendent
37 of the school corporation under subsection (e).

38 (2) Establish criteria by which a governing body may adopt a
39 model assessment which will be utilized in making the
40 determination under subsection (f).

41 (h) If the parents of an individual who would otherwise be subject
42 to compulsory school attendance under subsection (b), upon request of

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1 the superintendent of the school corporation, certify to the
2 superintendent of the school corporation that the parents intend to:

- 3 (1) enroll the individual in a nonaccredited, nonpublic school; or
4 (2) begin providing the individual with instruction equivalent to
5 that given in the public schools as permitted under
6 ~~IC 20-8.1-3-34~~; **section 34 of this chapter**;

7 not later than the date on which the individual reaches seven (7) years
8 of age, the individual is not bound by the requirements of this chapter
9 until the individual reaches seven (7) years of age.

10 (i) The governing body of each school corporation shall designate
11 the appropriate employees of the school corporation to conduct the exit
12 interviews for students described in subsection (b)(2). Each exit
13 interview must be personally attended by:

- 14 (1) the student's parent or guardian;
15 (2) the student;
16 (3) each designated appropriate school employee; and
17 (4) the student's principal.

18 (j) A student who is at least sixteen (16) years of age but less than
19 eighteen (18) years of age is bound by the requirements of compulsory
20 school attendance and may not withdraw from school before graduation
21 unless:

- 22 (1) the student, the student's parent or guardian, and the principal
23 agree to the withdrawal; and
24 (2) at the exit interview, the student provides written
25 acknowledgment of the withdrawal and the student's parent or
26 guardian and the school principal each provide written consent for
27 the student to withdraw from school.

28 (k) For the purposes of this section, "school year" ~~has the meaning~~
29 ~~set forth in IC 21-2-12-3(j)~~; **means a year beginning July 1 and**
30 **ending the next June 30.**

31 SECTION 55. IC 20-8.1-6.1-8 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 8. (a) As used in
33 this section, the following terms have the following meanings:

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

41 (2) "ADM" means the following:

42 (A) For purposes of allocating to a transfer student state

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

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- 1 clause (C), the calendar year in which the school year ends:
 2 (A) The following state distributions that are computed in any
 3 part using ADM or other pupil count in which the student is
 4 included:
 5 (i) Primetime grant under IC 21-1-30.
 6 (ii) Tuition support for basic programs and at-risk weights
 7 under IC 21-3-1.7-8 (before January 1, 1996) and only for
 8 basic programs (after December 31, 1995).
 9 (iii) Enrollment growth grant under IC 21-3-1.7-9.5.
 10 (iv) At-risk grant under IC 21-3-1.7-9.7.
 11 (v) Academic honors diploma award under IC 21-3-1.7-9.8.
 12 (vi) Vocational education grant under IC 21-3-1.8-3.
 13 (vii) Special education grant under IC 21-3-1.8 (repealed
 14 January 1, 1996) or IC 21-3-10.
 15 (viii) The portion of the ADA flat grant that is available for
 16 the payment of general operating expenses under
 17 IC 21-3-4.5-2(b)(1).
 18 (B) For school years beginning after June 30, 1997, property
 19 tax levies.
 20 (C) For school years beginning after June 30, 1997, excise tax
 21 revenue (as defined in IC 21-3-1.7-2) received for deposit in
 22 the calendar year in which the school year begins.
 23 (D) For school years beginning after June 30, 1997, allocations
 24 to the transferee school under IC 6-3.5.
 25 **STEP THREE: Determine the greater of:**
 26 (A) zero (0); or
 27 (B) the result of subtracting the STEP TWO amount from the
 28 STEP ONE amount.
 29 If a child is placed in an institution or facility in Indiana under a court
 30 order, the institution or facility shall charge the county office of the
 31 county of the student's legal settlement under IC 12-19-7 for the use of
 32 the space within the institution or facility (commonly called capital
 33 costs) that is used to provide educational services to the child based
 34 upon a prorated per student cost.
 35 (c) Operating costs shall be determined for each class of school
 36 where a transfer student is enrolled. The operating cost for each class
 37 of school is based on the total expenditures of the transferee
 38 corporation for the class of school from its general fund expenditures
 39 as specified in the classified budget forms prescribed by the state board
 40 of accounts. This calculation excludes:
 41 (1) capital outlay;
 42 (2) debt service;



1 (3) costs of transportation;
 2 (4) salaries of board members;
 3 (5) contracted service for legal expenses; and
 4 (6) any expenditure which is made out of the general fund from
 5 extracurricular account receipts;
 6 for the school year.

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

9 (1) the cost of the special equipment; divided by

10 (2) the product of:

11 (A) the useful life of the special equipment, as determined
 12 under the rules adopted by the Indiana state board of
 13 education; multiplied by

14 (B) the number of students using the special equipment during
 15 at least part of the school year.

16 (e) When an item of expense or cost described in subsection (c)
 17 cannot be allocated to a class of school, it shall be prorated to all
 18 classes of schools on the basis of the pupil enrollment of each class in
 19 the transferee corporation compared to the total pupil enrollment in the
 20 school corporation.

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

23 (1) the transferee school corporation's operating costs for the class
 24 of school in which the transfer student is enrolled; by

25 (2) the pupil enrollment of the class of school in which the
 26 transfer student is enrolled.

27 When a transferred student is enrolled in a transferee corporation for
 28 less than the full school year of pupil attendance, the transfer tuition
 29 shall be calculated by the portion of the school year for which the
 30 transferred student is enrolled. A school year of pupil attendance
 31 consists of the number of days school is in session for pupil attendance.
 32 A student, regardless of the student's attendance, is enrolled in a
 33 transferee school unless the student is no longer entitled to be
 34 transferred because of a change of residence, the student has been
 35 excluded or expelled from school for the balance of the school year or
 36 for an indefinite period, or the student has been confirmed to have
 37 withdrawn from school. The transferor and the transferee corporation
 38 may enter into written agreements concerning the amount of transfer
 39 tuition due in any school year. Where an agreement cannot be reached,
 40 the amount shall be determined by the Indiana state board of education,
 41 and costs may be established, when in dispute, by the state board of
 42 accounts.



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

3 (1) the total amount of revenues received; by

4 (2) the ADM of the transferee school for the school year that ends
5 in the calendar year in which the revenues are received.

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

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

20 (i) If the school corporation can meet the requirements of
21 IC 21-1-30-5, it may negotiate transfer tuition agreements with a
22 neighboring school corporation that can accommodate additional
23 students. Agreements under this section may be for one (1) year or
24 longer and may fix a method for determining the amount of transfer
25 tuition or time of payment that is different from the method, amount,
26 or time of payment that is provided in this section or section 9 of this
27 chapter. A school corporation may not transfer a student under this
28 section without the prior approval of the child's parent or guardian.

29 ~~(j) If a school corporation experiences a net financial impact with
30 regard to transfer tuition that is negative for a particular school year as
31 described in IC 6-1.1-19-5.1 the school corporation may appeal for an
32 excessive levy as provided under IC 6-1.1-19-5.1.~~

33 SECTION 56. IC 20-8.1-6.5-4 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 4. (a) Where a
35 transfer is ordered to commence in a school year, where the transferor
36 corporation has net additional costs over savings (on account of any
37 transfer ordered) allocable to the calendar year in which the school year
38 begins, and where the transferee corporation has no budgeted funds for
39 such net additional costs, they may be recovered by one (1) or more of
40 the following methods in addition to any other methods provided by
41 applicable law:

42 (1) An emergency loan made pursuant to IC 20-5-4-6 to be paid,



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1 however, out of the debt service levy and fund, or a loan from any
2 state fund made available therefor.

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

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

8 (b) The net additional costs shall be certified by the state board of
9 tax commissioners and any grant shall be made solely after affirmative
10 recommendation of the tax control board created by IC 6-1.1-19-4.1.
11 Repayment of any advance or loan from the state shall be made in
12 accordance with IC 6-1.1-19-4.5(d) **(repealed January 1, 2001) and**
13 **IC 6-1.1-19-4.4(c).** The Use of any of the methods enumerated above
14 shall not subject the transferor corporation to the provisions of
15 IC 6-1.1-19-4.7 **(repealed January 1, 2001).**

16 SECTION 57. IC 20-8.1-6.5-9 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 9. ~~Transportation~~
18 ~~Costs } State Reimbursement.~~ Transportation costs for transferred
19 students for each calendar year or for capital outlay and for operations
20 shall be reimbursed by the state to the transferor corporation in the
21 same percent of the total outlay which the distributions ~~to the transferor~~
22 ~~corporation under IC 1971, 21-3-1.5-3, or from the state flat grant~~
23 ~~distribution account where it is credited to the general transportation~~
24 ~~fund constitute of its total annual general transportation fund~~
25 ~~appropriations for such year. In this calculation there shall be excluded~~
26 ~~from general transportation fund appropriations capital outlay and~~
27 ~~debt service. and any expenditure which is made out of the general~~
28 ~~fund from extracurricular accounts. Any amount not thus reimbursed~~
29 ~~and raised as part of the transferor corporation's general fund levy shall~~
30 ~~constitute an increase in its base tax levy for such budget year, as~~
31 ~~otherwise defined and as applied in IC 6-1.1-1-16, and IC 6-1.1-19.~~ In
32 no event shall the state reimbursement for transportation operating
33 expense to the transferor corporation be less than it would receive
34 under applicable law without regard to this section.

35 SECTION 58. IC 20-8.1-7-18 IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 18. (a) Whenever
37 the test required under section 17 of this chapter discloses that the
38 hearing of any child is impaired and the child cannot be taught
39 advantageously in regular classes, the governing body of the school
40 corporation shall provide appropriate remedial measures and
41 correctional devices. The governing body shall advise the child's
42 parents of the proper medical care, attention, and treatment needed.



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1 The governing body shall provide approved mechanical auditory
 2 devices and prescribe courses in lip reading by qualified, competent,
 3 and approved instructors. The superintendent of public instruction and
 4 the head of the rehabilitative services bureau of the division of
 5 disability, aging, and rehabilitative services shall cooperate with school
 6 corporations to provide this assistance; they shall also provide advice
 7 and information to assist school corporations in complying with this
 8 section. The local governing body may adopt rules and regulations for
 9 the administration of this section.

10 (b) Each school corporation may receive and accept bequests and
 11 donations for immediate use or as trusts or endowments to assist in
 12 meeting costs and expenses incurred in complying with the
 13 requirements of this section. When funds for the full payment of these
 14 expenses are not otherwise available, in any school corporation, any
 15 unexpended balance in the state treasury which is available for the use
 16 of local schools and is otherwise unappropriated may be loaned to the
 17 school corporation for that purpose by the governor. Any loan made by
 18 the governor under this section shall be repaid to the fund in the state
 19 treasury from which it came within two (2) years after the date it was
 20 advanced. These loans shall be repaid ~~through the levying of taxes in~~
 21 ~~the borrowing from funds available to the~~ school corporation. **If the**
 22 **advance is not repaid, the amount due may be withheld from the**
 23 **distribution of other state funds to the school corporation to which**
 24 **the advance is made.**

25 SECTION 59. IC 20-9.1-1-3 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. ~~Definition;~~
 27 ~~"Private School":~~ As used in this article, the term "private school"
 28 means any school ~~which is not supported and maintained by funds~~
 29 ~~realized from the imposition of a tax on property, income or sales: that~~
 30 **is not a school corporation (as defined in IC 36-1-2-17).**

31 SECTION 60. IC 20-10.1-6.5-1 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. As used in this
 33 chapter:

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

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

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

41 SECTION 61. IC 21-2-3.1-1 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. This chapter



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1 applies if a township board finds, at an annual or special meeting of the
2 board, that:

- 3 (1) it is necessary to provide for the construction of a school
4 building; and
5 (2) the cost of the building, or the proportional cost if it is a joint
6 graded high school building, will be in excess of the ~~sum~~
7 ~~available from an annual levy:~~ **amount of available funds.**

8 SECTION 62. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE
9 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY
10 1, 2000]: **Sec. 7. A school corporation shall annually levy a sum**
11 **sufficient to meet all payments of principal and interest on debt**
12 **service payable from the debt service fund as the payments mature.**

13 SECTION 63. IC 21-2-5.6-3, AS AMENDED BY P.L.232-1999,
14 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JANUARY 1, 2001]: Sec. 3. This section applies to self insurance
16 funds permitted to be established under section 1(1) of this chapter and
17 self insurance funds required to be established under section 1(2) of
18 this chapter. Subject to the approval of the commissioner of the
19 department of insurance, the governing body of the school corporation
20 is authorized to:

- 21 (1) transfer to the self insurance fund an amount of money in
22 ~~(A) the general fund budget; and~~
23 ~~(B) the general fund tax levy and rate;~~
24 (2) transfer monies from the general fund to the self insurance
25 fund; or
26 (3) appropriate monies from the general fund for the self
27 insurance fund.

28 SECTION 64. IC 21-2-11-2 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. The governing body
30 of each school corporation in the state of Indiana shall establish a
31 general fund for the operation and maintenance of local schools. ~~and~~
32 **The governing body shall levy a tax therefor in calendar years**
33 **before January 1, 2001. Except as otherwise provided by statute,**
34 **all receipts and disbursements heretofore authorized by law for school**
35 **funds and tax levies for the tuition fund; special school fund; special**
36 **fund; vocational fund; recreation fund; compulsory education fund;**
37 **school library fund; high school library fund; public employee's**
38 **retirement fund; operating fund; transportation tax and county wide**
39 **school tax shall on and after January 1, 1968; be received in and**
40 **disbursed from the general fund. For property taxes first due and**
41 **payable before January 1, 2001, the tax levy and rate for the general**
42 **fund shall be established by the governing body of each school**



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1 corporation. for the 1968 calendar year and all succeeding calendar
 2 years. Any balances of all the aforesaid funds on January 1, 1968 shall
 3 be transferred to the general fund. **Notwithstanding any other**
 4 **provision, including the calendar year distribution limits under**
 5 **IC 21-3-1.7-9, there is appropriated from the state general fund the**
 6 **amount necessary to ensure that each school corporation will be**
 7 **eligible to receive for its general fund and transportation fund an**
 8 **amount at least equal to the amount that the school corporation**
 9 **received in the immediately preceding year.**

10 SECTION 65. IC 21-2-11-5 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. Any self-supporting
 12 programs maintained by any school corporation, including but not
 13 limited to school lunch and rental or sale of textbooks, may be
 14 established as separate funds, separate and apart from the general fund,
 15 if no **state distributions under IC 21-3-1.7** or local tax rate is
 16 established therefor. **funds are involved.**

17 SECTION 66. IC 21-2-11-6, AS AMENDED BY P.L.77-1999,
 18 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2000]: Sec. 6. (a) Moneys received by any school corporation
 20 for a specific purpose or purposes, by gift, endowment or pursuant to
 21 any federal statute, may be accounted for by establishing separate
 22 funds, separate and apart from the general fund, if no **state**
 23 **distributions under IC 21-3-1.7** or local tax funds are involved.
 24 However, no such funds shall be accepted unless the terms of the gift,
 25 endowment or payment, and the acceptance thereof, are so stated that
 26 the officers of the school corporation are not divested of any right or
 27 authority which they now have or may hereafter be granted by law.
 28 Such moneys so received for specific purposes, and any earnings
 29 thereon, may be disbursed without appropriation.

30 (b) Except as otherwise provided by federal law, all money received
 31 by the school corporation by grant, gift, endowment, or under federal
 32 law for any of the purposes described in IC 21-2-18-3 shall be
 33 deposited in the school technology fund established under IC 21-2-18.

34 SECTION 67. IC 21-2-11.5-3 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. (a) ~~Subject to~~
 36 ~~subsection (b); each A~~ school corporation may **not** levy for the calendar
 37 year a property tax for the school transportation fund's operating costs
 38 account. ~~sufficient to pay all operating costs attributable to~~
 39 ~~transportation that:~~

40 (1) are not paid from other revenues available to the fund as
 41 specified in section 4 of this chapter; and

42 (2) are listed in section 2(b)(1) through 2(b)(7) of this chapter.



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1 (b) For taxes first due and payable in 1996, the property tax levy for
 2 the fund's operating costs account may not exceed the amount
 3 determined using the following formula:

4 STEP ONE: Determine the sum of the expenditures attributable
 5 to operating costs listed in section 2(b)(1) through 2(b)(7) of this
 6 chapter that were made by the school corporation as determined
 7 by the state board of tax commissioners for all operating costs
 8 attributable to transportation that are not paid from other revenues
 9 available to the fund for school years ending in 1993, 1994, and
 10 1995.

11 STEP TWO: Divide the amount determined in STEP ONE by
 12 three (3).

13 STEP THREE: Determine the greater of:

14 (A) the STEP TWO amount; or

15 (B) the school corporation's actual transportation fund levy
 16 attributable to operating costs for property taxes first due and
 17 payable in 1995.

18 STEP FOUR: Multiply the amount determined in STEP THREE
 19 by one and five-hundredths (1.05).

20 (c) For each year after 1996, the levy for the fund's operating
 21 account may not exceed the levy for the previous year multiplied by the
 22 assessed value growth quotient determined using the following
 23 formula:

24 STEP ONE: Determine the three (3) calendar years that most
 25 immediately precede the ensuing calendar year and in which a
 26 statewide general reassessment of real property does not first
 27 become effective.

28 STEP TWO: Compute separately, for each of the calendar years
 29 determined in STEP ONE, the quotient (rounded to the nearest
 30 ten-thousandth) of the school corporation's total assessed value of
 31 all taxable property in the particular calendar year, divided by the
 32 school corporation's total assessed value of all taxable property in
 33 the calendar year immediately preceding the particular calendar
 34 year.

35 STEP THREE: Divide the sum of the three (3) quotients
 36 computed in STEP TWO by three (3).

37 STEP FOUR: Determine the greater of the result computed in
 38 STEP THREE or one and five-hundredths (1.05).

39 STEP FIVE: Determine the lesser of the result computed in STEP
 40 FOUR or one and one-tenth (1.1).

41 If the assessed values of taxable property used in determining a school
 42 corporation's property taxes that are first due and payable in a

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1 particular calendar year are significantly increased over the assessed
 2 values used for the immediately preceding calendar year's property
 3 taxes due to the settlement of litigation concerning the general
 4 reassessment of that school corporation's real property; then for
 5 purposes of determining that school corporation's assessed value
 6 growth quotient for an ensuing calendar year; the state board of tax
 7 commissioners shall replace the quotient described in STEP TWO for
 8 that particular calendar year. The state board of tax commissioners
 9 shall replace that quotient with one that as accurately as possible will
 10 reflect the actual growth in the school corporation's assessed values of
 11 real property from the immediately preceding calendar year to that
 12 particular calendar year. The maximum property levy limit computed
 13 under this section for the operating account shall be reduced to reflect
 14 the transfer of costs from the operating account of the transportation
 15 fund to the school bus replacement account of the transportation fund
 16 under section 2(e) of this chapter. The total reduction in the operating
 17 account maximum property tax levy may not exceed the amount of the
 18 fair market lease value of the contracted transportation service
 19 expenditures paid from the operating account before the transfer.

20 (d) Each (b) A school corporation may **not** levy for the calendar
 21 year a tax for the school transportation fund's school bus replacement
 22 account. ~~in accordance with the school bus acquisition plan adopted~~
 23 ~~under section 3.1 of this chapter.~~

24 (e) The tax rate and levy shall be established as a part of the annual
 25 budget for the calendar year in accord with IC 6-1.1-17.

26 SECTION 68. IC 21-2-11.5-3.1 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3.1. (a) Before a
 28 governing body may ~~collect property taxes for~~ **make an expenditure**
 29 **from** the school transportation fund's school bus replacement account
 30 in a particular calendar year, the governing body must, after January 1
 31 and not later than September 20 of the immediately preceding year for
 32 all years before 1999 and not later than January 31 for 1999 and all
 33 subsequent years.

34 (1) conduct a public hearing on; and

35 (2) pass a resolution to adopt;

36 a plan under this section.

37 (b) The state board of tax commissioners shall prescribe the format
 38 of the plan. A plan must apply to at least the ten (10) budget years
 39 immediately following the year the plan is adopted. A plan must at
 40 least include the following:

41 (1) An estimate for each year to which it applies of the nature and
 42 amount of proposed expenditures from the transportation fund's



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- 1 school bus replacement account.
- 2 (2) A presumption that the minimum useful life of a school bus is
- 3 not less than ten (10) years.
- 4 (3) An identification of:
- 5 (A) the source of all revenue to be dedicated to the proposed
- 6 expenditures in the upcoming budget year; and
- 7 (B) the amount of ~~property taxes to be collected~~ **state**
- 8 **distributions** in that year **for the account** and the unexpended
- 9 balance to be retained in the account for expenditures
- 10 proposed for a later year.
- 11 (4) If the school corporation is seeking to:
- 12 (A) acquire; or
- 13 (B) contract for transportation services that will provide;
- 14 additional school buses or school buses with a larger seating
- 15 capacity as compared to the number and type of school buses
- 16 from the prior school year, evidence of a demand for increased
- 17 transportation services within the school corporation. Clause (B)
- 18 does not apply if contracted transportation services are not paid
- 19 from the school bus replacement account.
- 20 (5) If the school corporation is seeking to:
- 21 (A) replace an existing school bus earlier than ten (10) years
- 22 after the existing school bus was originally acquired; or
- 23 (B) require a contractor to replace a school bus;
- 24 evidence that the need exists for the replacement of the school
- 25 bus. Clause (B) does not apply if contracted transportation
- 26 services are not paid from the school bus replacement account.
- 27 (6) Evidence that the school corporation that seeks to acquire
- 28 additional school buses under this section is acquiring or
- 29 contracting for the school buses only for the purposes specified in
- 30 subdivision (4) or for replacement purposes.
- 31 (c) After reviewing the plan, the state board of tax commissioners
- 32 shall certify its approval, disapproval, or modification of the plan to the
- 33 governing body and the auditor of the county. The state board of tax
- 34 commissioners may seek the recommendation of the school property
- 35 tax control board with respect to this determination. The action of the
- 36 state board of tax commissioners with respect to the plan is final.
- 37 (d) The state board of tax commissioners may approve
- 38 appropriations from the transportation fund's school bus replacement
- 39 account only if the appropriations conform to a plan that has been
- 40 adopted in compliance with this section.
- 41 (e) A governing body may amend a plan adopted under this section.
- 42 When an amendment to a plan is required, the governing body must

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1 declare the nature of and the need for the amendment and must show
 2 cause as to why the original plan no longer meets the transportation
 3 needs of the school corporation. The governing body must then conduct
 4 a public hearing on and pass a resolution to adopt the amendment to the
 5 plan. The plan, as proposed to be amended, must comply with the
 6 requirements for a plan under subsection (b). This amendment to the
 7 plan is not subject to the deadline for adoption described in subsection
 8 (a). However, the amendment to the plan must be submitted to the state
 9 board of tax commissioners for its consideration and is subject to
 10 approval, disapproval, or modification in accordance with the
 11 procedures for adopting a plan set forth in this section.

12 (f) If a public hearing is scheduled under this section, the governing
 13 body shall publish a notice of the public hearing and the proposed plan
 14 or amendment to the plan in accordance with IC 5-3-1-2(b).

15 SECTION 69. IC 21-2-11.5-4 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 4. ~~In addition to~~
 17 ~~property tax collections~~, Receipts available for school transportation
 18 from any other revenue source, including, but not limited to, state
 19 distributions for transportation under IC 21-3-3.1, shall be received in
 20 and disbursed from the school transportation fund to pay those
 21 transportation costs described in section 2 of this chapter. An
 22 expenditure may only be made if it has been provided for in the school
 23 corporation's annual budget or by an additional appropriation under
 24 IC 6-1.1-18-5.

25 SECTION 70. IC 21-2-11.5-5 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2000]: **Sec. 5. A school corporation shall**
 28 **annually levy a sum sufficient to meet all payments of principal**
 29 **and interest on obligations payable from the transportation fund**
 30 **as the payments mature.**

31 SECTION 71. IC 21-2-15-15 IS ADDED TO THE INDIANA
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2000]: **Sec. 15. A school corporation shall**
 34 **annually levy a sum sufficient to meet all payments of principal**
 35 **and interest on obligations payable from the capital projects fund**
 36 **as the payments mature.**

37 SECTION 72. IC 21-3-1.6-1.1 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1.1. As used in
 39 this chapter:

40 (a) "School corporation" means any local public school corporation
 41 established under Indiana law.

42 (b) "School year" means a year beginning July 1 and ending the next

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1 succeeding June 30.

2 (c) "State distribution" due a school corporation means the amount
3 of state funds to be distributed to a school corporation in any calendar
4 year under this chapter.

5 (d) "Average daily membership" or "ADM" of a school corporation
6 means the number of eligible pupils enrolled in the school corporation
7 or in a transferee corporation on a day to be fixed annually by the
8 Indiana state board of education. Such day shall fall within the first
9 thirty (30) days of the school term. If, however, extreme patterns of
10 student in-migration, illness, natural disaster, or other unusual
11 conditions in a particular school corporation's enrollment on the
12 particular day thus fixed, cause the enrollment to be unrepresentative
13 of the school corporation's enrollment throughout a school year, the
14 Indiana state board of education may designate another day for
15 determining the school corporation's enrollment. The Indiana state
16 board of education shall monitor changes, which occur after the fall
17 count, in the number of students enrolled in programs for children with
18 disabilities and shall, before December 2 of that same year, make an
19 adjusted count of students enrolled in programs for children with
20 disabilities. The superintendent of public instruction shall certify the
21 adjusted count to the budget committee before February 5 of the
22 following year. In determining the ADM, each kindergarten pupil shall
23 be counted as one-half (1/2) pupil. Where a school corporation
24 commences kindergarten in a school year, the ADM of the current and
25 prior calendar years shall be adjusted to reflect the enrollment of the
26 kindergarten pupils. "Current ADM" of a school corporation used in
27 computing its state distribution in a calendar year means the ADM of
28 the school year ending in the calendar year. "ADM of the previous
29 year" or "ADM of the prior year" of a school corporation used in
30 computing its state distribution in a calendar year means the ADM of
31 the school corporation for the school year ending in the preceding
32 calendar year.

33 (e) "Additional count" of a school corporation, or comparable
34 language, means the aggregate of the additional counts of the school
35 corporation for certain pupils as set out in section 3 of this chapter and
36 as determined at the times for calculating ADM. "Current additional
37 count" means the additional count of the school corporation for the
38 school year ending in the calendar year. "Prior year additional count"
39 of a school corporation used in computing its state distribution in a
40 calendar year means the additional count of the school corporation for
41 the school year ending in the preceding calendar year.

42 (f) "Adjusted assessed valuation" of any school corporation used in

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1 computing state distribution for a calendar year means the assessed
 2 valuation in the school corporation. ~~adjusted as provided in~~
 3 ~~IC 6-1.1-34~~. The amount of the valuation shall also be adjusted
 4 downward by the state board of tax commissioners to the extent it
 5 consists of real or personal property owned by a railroad or other
 6 corporation under the jurisdiction of a federal court under the federal
 7 bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation
 8 being involved in a bankruptcy proceeding the corporation is
 9 delinquent in payment of its Indiana real and personal property taxes
 10 for the year to which the valuation applies. If the railroad or other
 11 corporation in some subsequent calendar year makes payment of the
 12 delinquent taxes, then the state superintendent of public instruction
 13 shall prescribe adjustments in the distributions of state funds pursuant
 14 to this chapter as are thereafter to become due to a school corporation
 15 affected by the delinquency as will ensure that the school corporation
 16 will not have been unjustly enriched under the provisions of
 17 P.L.382-1987(ss).

18 (g) "General fund" means a school corporation fund established
 19 under IC 21-2-11-2.

20 (h) "Teacher" means every person who is required as a condition of
 21 employment by a school corporation to hold a teacher's license issued
 22 or recognized by the state, except substitutes and any person paid
 23 entirely from federal funds.

24 (i) "Teacher ratio" of a school corporation used in computing state
 25 distribution in any calendar year means the ratio assigned to the school
 26 corporation pursuant to section 2 of this chapter.

27 (j) "Eligible pupil" means a pupil enrolled in a school corporation
 28 if:

- 29 (1) the school corporation has the responsibility to educate the
- 30 pupil in its public schools without the payment of tuition;
- 31 (2) subject to subdivision (5), the school corporation has the
- 32 responsibility to pay transfer tuition under IC 20-8.1-6.1, because
- 33 the pupil is transferred for education to another school
- 34 corporation (the "transferee corporation");
- 35 (3) the pupil is enrolled in a school corporation as a transfer
- 36 student under IC 20-8.1-6.1-3 or entitled to be counted for ADM
- 37 or additional count purposes as a resident of the school
- 38 corporation when attending its schools under any other applicable
- 39 law or regulation;
- 40 (4) the state is responsible for the payment of transfer tuition to
- 41 the school corporation for the pupil under IC 20-8.1-6.1; or
- 42 (5) all of the following apply:



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- 1 (A) The school corporation is a transferee corporation.
 2 (B) The pupil does not qualify as a qualified pupil in the
 3 transferee corporation under subdivision (3) or (4).
 4 (C) The transferee corporation's attendance area includes a
 5 state licensed private or public health care facility, child care
 6 facility, or foster family home where the pupil was placed:
 7 (i) by or with the consent of the division of family and
 8 children;
 9 (ii) by a court order; or
 10 (iii) by a child placing agency licensed by the division of
 11 family and children.
 12 (k) "General fund budget" of a school corporation means the amount
 13 of the budget approved for a given year by the state board of tax
 14 commissioners and used by the state board of tax commissioners in
 15 certifying a school corporation's general fund tax levy and tax rate for
 16 the school corporation's general fund as provided for in IC 21-2-11.
 17 SECTION 73. IC 21-3-1.7-5, AS AMENDED BY P.L.273-1999,
 18 SECTION 132, IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE JANUARY 1, 2001]: Sec. 5. As used in this chapter,
 20 "tuition support levy" means with respect to a school corporation for a
 21 year the maximum general fund ad valorem property tax levy for the
 22 school corporation determined under IC 6-1.1-19-1.5 (**repealed**
 23 **January 1, 2001**) reduced by the following:
 24 (1) An amount equal to the annual decrease in federal aid to
 25 impacted areas from the year preceding the ensuing calendar year
 26 by three (3) years to the year preceding the ensuing calendar year
 27 by two (2) years.
 28 (2) The original amount of any excessive tax levy the school
 29 corporation imposed as a result of the passage, during the
 30 preceding year, of a referendum under IC 6-1.1-19-4.5(c)
 31 (**repealed January 1, 2001**) for taxes first due and payable during
 32 the year.
 33 (3) The portion of the maximum general fund levy for the year
 34 that equals the original amount of the levy imposed by the school
 35 corporation to cover the costs of opening a new school facility
 36 during the preceding year.
 37 SECTION 74. IC 21-3-1.7-8, AS AMENDED BY P.L.3-2000,
 38 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JANUARY 1, 2001]: Sec. 8. Notwithstanding IC 21-3-1.6 and subject
 40 to section 9 of this chapter, the state distribution for a calendar year for
 41 tuition support for basic programs for each school corporation equals
 42 the result determined using the following formula:



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STEP ONE:

(A) For a school corporation not described in clause (B), determine the school corporation's result under STEP FIVE of section 6.7 of this chapter for the calendar year.

(B) For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the IC 21-3-1.7-6.7 STEP ONE (C) amount, determine the sum of:

- (i) the school corporation's result under STEP ONE of section 6.7 of this chapter for the calendar year; plus
- (ii) the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus
- (iii) the original amount of an excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) **(repealed January 1, 2001)** for taxes first due and payable during the year; plus
- (iv) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

STEP TWO: Determine the remainder of:

- (A) the STEP ONE amount; minus
- (B) the sum of:
 - (i) the school corporation's tuition support levy; plus
 - (ii) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year.

If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under IC 6-1.1-19-1.5 **(repealed January 1, 2001)** shall be reduced by the amount of the negative result.

SECTION 75. IC 21-4-20-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. Whenever it is found by the board of school trustees or other proper authorities of any school city or school town that an emergency exists for the borrowing of money with which to meet the current expenses of the schools of such school town or school city, the board of school trustees or other proper authorities of such school city or school town may make temporary loans in anticipation of the current revenues of such school town or school city to an amount not exceeding fifty percent (50%) of the

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1 ~~amount of taxes actually levied and revenue~~ in the course of collection
 2 for the fiscal year in which such loans are made. Revenues shall be
 3 deemed to be current and taxes shall be deemed to have been actually
 4 levied and in the course of collection when the budget levy and rate
 5 shall have been finally approved by the state board of tax
 6 commissioners. ~~Provided; However, That~~ in all second and third class
 7 school cities, no such loans shall be borrowed in excess of the sum of
 8 twenty thousand dollars (\$20,000) until the letting of the same shall
 9 have been advertised once each week for two (2) successive weeks in
 10 two (2) newspapers of general circulation published in such school city,
 11 and until sealed bids have been submitted at a regular meeting of the
 12 school board of such school city, pursuant to such notices, stipulating
 13 the rate of interest to be charged by such bidder. ~~and Provided; further;~~
 14 ~~That~~ Such school loans shall be made with the bidder submitting the
 15 lowest rate of interest and submitting with his bid an affidavit showing
 16 that no collusion exists between himself and any other bidder for such
 17 loan.

18 SECTION 76. IC 32-9-1.5-16 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 16. For purposes of
 20 section 49 of this chapter, "political subdivision" includes any Indiana
 21 municipality, county, civil township, civil incorporated city or town,
 22 **public** school corporation (**as defined in IC 36-1-2-17**), university or
 23 college supported in part by state funds, or any other territorial
 24 subdivision of the state recognized or designated in any law, including
 25 judicial circuits, a public utility entity not privately owned, special
 26 taxing district or entity, and public improvement district authority or
 27 entity authorized to levy taxes or assessments. The term does not
 28 include any retirement system supported entirely or in part by the state.

29 SECTION 77. IC 36-1-2-2 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. "Bonds" means any
 31 evidences of indebtedness, whether payable from property taxes,
 32 revenues, or any other source. ~~but~~ **However, the term** does not include
 33 notes or warrants representing temporary loans that are payable out of:

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

37 SECTION 78. IC 36-7-15.1-26.9 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 26.9. (a) The
 39 definitions set forth in section 26.5 of this chapter apply to this section.

40 (b) The fiscal officer of the consolidated city shall publish in the
 41 newspaper in the county with the largest circulation all determinations
 42 made under section 26.5 or 26.7 of this chapter that result in the

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1 allowance or disallowance of credits. The publication of a
 2 determination made under section 26.5 of this chapter shall be made
 3 not later than June 20 of the year in which the determination is made.
 4 The publication of a determination made under section 26.7 of this
 5 chapter shall be made not later than December 5 of the year in which
 6 the determination is made.

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

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

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

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

31 (e) The amount by which a taxing unit's levy is adjusted as a result
 32 of the county auditor's adjustment of assessed valuation under
 33 subsection (d), and the amount of the levy that is used to make direct
 34 payments to taxpayers under section 26.5(h) of this chapter, is not part
 35 of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to
 36 IC 6-1.1-20.

37 (f) The ad valorem property tax levy limits imposed by
 38 IC 6-1.1-18.5-3 and ~~IC 6-1.1-19-1.5~~ do not apply to ad valorem
 39 property taxes imposed that are used to offset the effect of paying
 40 personal property taxes into an allocation area special fund during the
 41 taxable year under subsection (d) or to make direct payments to
 42 taxpayers under section 26.5(h) of this chapter. For purposes of



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1 computing the ad valorem property tax levy limits imposed under
 2 IC 6-1.1-18.5-3, and ~~IC 6-1.1-19-1.5~~ a taxing unit's ad valorem property
 3 tax levy for a particular calendar year does not include that part of the
 4 levy imposed to offset the effect of paying personal property taxes into
 5 an allocation area special fund under subsection (d) or to make direct
 6 payments to taxpayers under section 26.5(h) of this chapter.

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

9 (1) are subject to any pledge of allocated property tax proceeds
 10 made by the redevelopment district under section 26(d) of this
 11 chapter, including but not limited to any pledge made to owners
 12 of outstanding bonds of the redevelopment district of allocated
 13 taxes from that area; and

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

16 SECTION 79. THE FOLLOWING ARE REPEALED [EFFECTIVE
 17 JANUARY 1, 2001]: IC 6-1.1-19-1; IC 6-1.1-19-1.5; IC 6-1.1-19-1.7;
 18 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;
 19 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;
 20 IC 6-1.1-34; IC 20-4-1-26.9; IC 20-4-8-23; IC 21-2-11-8; IC 21-2-12;
 21 IC 21-2-13; IC 21-2-14; IC 21-3-1.7-6.8.

22 SECTION 80. [EFFECTIVE JULY 1, 2000] (a) **As used in this**
 23 **SECTION, "balance" means the unencumbered balance in a school**
 24 **corporation's levy excess fund on January 1, 2000.**

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

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

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

37 (e) **A school corporation may use money in its levy excess fund**
 38 **for a lawful purpose for which money in its other funds may be**
 39 **used.**



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