
HOUSE BILL No. 1269

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-19; IC 21-2.

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

Effective: July 1, 2000.

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January 11, 2000, read first time and referred to Committee on Ways and Means.

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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.

HOUSE BILL No. 1269

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

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

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

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

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



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

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

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

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

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

16 or both.

17 (b) To be granted permission by the state board of tax
18 commissioners to make transfers covered by subdivision (1), the
19 school corporation must establish that:

20 (1) the school corporation's textbook rental fund will have a
21 negative balance in 2000 through 2004; or

22 (2) another source of revenue was used to offset a negative
23 balance.

24 Transfers may be permitted only in 2000 through 2004 to cover
25 shortfalls in those years.

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

32 (1) less than the amount requested; or

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

34 by the school corporation, or both.

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



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1 **(1) its textbook rental fund had a negative balance as of**
 2 **December 31, 1999; or**

3 **(2) another source of revenue was used to offset a negative**
 4 **balance.**

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

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

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

13 (2) a lease to provide capital construction;

14 (3) interest on emergency and temporary loans;

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

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

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

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

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

40 SECTION 4. IC 21-2-15-4.1 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 2000]: **Sec. 4.1. (a) Notwithstanding section 4 of this chapter and**



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1 if the state board of tax commissioners has approved the transfer
2 under IC 6-1.1-19-5.6, the school corporation may annually
3 transfer money in its capital projects fund to its textbook rental
4 fund in 2000 through 2004. The money may be transferred only to
5 offset what would be deficit expenditures from the school
6 corporation's textbook rental fund. The amount that may be used
7 each year may not exceed the amount by which the obligations of
8 the textbook rental fund exceed the revenue required to be
9 deposited in the textbook rental fund for that year.

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

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

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