
HOUSE BILL No. 1364

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-2.1-4; IC 4-4-8-9; IC 6-1.1; IC 6-3.1; IC 6-3.5; IC 12; IC 16; IC 20; IC 21; IC 31; IC 32-9-1.5-16; IC 36.

Synopsis: State and local finance. Limits increases in state expenditures to the lesser of the percentage increase in inflation and population or 6%. Allows voters or two-thirds of the members of the general assembly to authorize additional spending. Provides that if revenue exceeds the spending limit for that state fiscal year, the excess shall be refunded in the next state fiscal year except as to an amount that a majority of the voters agree to apply toward an increase in allowable spending. Beginning in 2002, provides a credit against a taxpayer's state tax liability for property taxes paid on inventory. Phases the credit in over five years. Beginning in 2002, eliminates the remaining property tax levies for public welfare (the family and children's fund levy, the county medical assistance to wards levy, the county hospital care for the indigent levy, and the children with special health care needs levy). 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 beginning in 2006. Provides a property tax replacement credit for school general fund property taxes in 2002 through 2005. Provides a method for calculating the amount of miscellaneous taxes distributed to school corporations.

Effective: July 1, 2001; July 1, 2002; July 1, 2005; July 1, 2006.

Turner

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.

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HOUSE BILL No. 1364



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 2-2.1-4 IS ADDED TO THE INDIANA CODE AS
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2001]:

4 **Chapter 4. State Expenditure Limits**

5 **Sec. 1. As used in this chapter, "fiscal year spending" means all**
6 **state governmental expenditures and reserve increases in a state**
7 **fiscal year, except the following:**

- 8 (1) Refunds made in the current or next state fiscal year.
- 9 (2) Gifts.
- 10 (3) Federal funds.
- 11 (4) Collections for another government.
- 12 (5) Pension contributions by employees and pension fund
- 13 earnings.
- 14 (6) Reserve transfers or expenditures.
- 15 (7) Damage awards.
- 16 (8) Property sales.

17 **Sec. 2. As used in this chapter, "inflation" means the percentage**



1 change in the United States Bureau of Labor Statistics Consumer
2 Price Index for Indiana, all items, all urban consumers, or its
3 successor index.

4 Sec. 3. As used in this chapter, "maximum annual percentage
5 change in fiscal year spending" means the lesser of:

6 (1) the sum of:

7 (A) inflation; plus

8 (B) the percentage change in Indiana population;

9 in the calendar year preceding the calendar year in which a
10 state fiscal year begins; or

11 (2) six percent (6%);

12 as adjusted for expenditure changes approved by voters after July
13 1, 2001, under section 7 of this chapter.

14 Sec. 4. As used in this chapter, "population" has the meaning set
15 forth in IC 1-1-4-5.

16 Sec. 5. As used in this chapter, "state fiscal year" means the
17 twelve (12) month period beginning on July 1 in a calendar year.

18 Sec. 6. The state may increase fiscal year spending in a state
19 fiscal year more than the maximum annual percentage change in
20 fiscal year spending applicable to that state fiscal year only to the
21 extent that the additional spending is approved under section 7 or
22 8 of this chapter.

23 Sec. 7. If revenue from sources not excluded from fiscal year
24 spending exceeds the spending limit imposed under this chapter for
25 that state fiscal year, the excess shall be refunded in the next state
26 fiscal year except as to an amount that a majority of the voters
27 voting in a general election agree to apply toward an increase in
28 allowable spending under this chapter.

29 Sec. 8. The general assembly by joint resolution adopted by
30 two-thirds (2/3) of the members of the senate and two-thirds (2/3)
31 of the members of the house of representatives before the
32 beginning of a state fiscal year may authorize fiscal year spending
33 that exceeds the spending limits imposed by this chapter for that
34 state fiscal year. Each joint resolution adopted under this section
35 may apply to not more than one (1) state fiscal year.

36 Sec. 9. This chapter may be enforced in a private individual or
37 class action suit. Successful plaintiffs are allowed costs and
38 reasonable attorney's fees. The state may recover costs and
39 reasonable attorney's fees only if a suit against it is ruled frivolous.
40 Revenue collected, kept, or spent in violation of this chapter for the
41 four (4) state fiscal years preceding the date that the suit is filed
42 shall be refunded with ten percent (10%) annual simple interest

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1 commencing for each state fiscal year on the date the state exceeds
2 the spending limitation imposed for that state fiscal year under this
3 chapter.

4 **Sec. 10. Subject to judicial review, the state may use any**
5 **reasonable method for refunds under section 7 or 9 of this chapter,**
6 **including temporary tax credits or rate reductions. Refunds need**
7 **not be proportional when prior payments are impractical to**
8 **identify or return.**

9 SECTION 2. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2005]: Sec. 9. Any qualified entity receiving a
11 loan under this chapter may levy an annual tax on personal and real
12 property located within its geographical limits for industrial
13 development purposes, in addition to any other tax authorized by
14 statute to be levied for such purposes, at such rate as will produce
15 sufficient revenue to pay the annual installment and interest on any
16 loan made under this chapter. Such a tax may be in addition to the
17 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,
18 ~~IC 6-1.1-19~~, and other statutes.

19 SECTION 3. IC 6-1.1-1-8.3 IS ADDED TO THE INDIANA CODE
20 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
21 **JANUARY 1, 2006]: Sec. 8.3. For purposes of IC 6-1.1-19, "general**
22 **fund" refers to the fund that the governing body of a school**
23 **corporation is required to establish under IC 21-2-11-2.**

24 SECTION 4. IC 6-1.1-1-16.5 IS ADDED TO THE INDIANA
25 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
26 **[EFFECTIVE JANUARY 1, 2006]: Sec. 16.5. For purposes of**
27 **IC 6-1.1-19, "school year" means the period from July 1 of each**
28 **year until June 30 of the following year.**

29 SECTION 5. IC 6-1.1-1-19.5 IS ADDED TO THE INDIANA
30 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
31 **[EFFECTIVE JANUARY 1, 2006]: Sec. 19.5. For purposes of**
32 **IC 6-1.1-19, "tax control board" refers to the school property tax**
33 **control board established by IC 6-1.1-19-4.1.**

34 SECTION 6. IC 6-1.1-17-1.5 IS ADDED TO THE INDIANA
35 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
36 **[EFFECTIVE JULY 1, 2005]: Sec. 1.5. (a) This section applies to a**
37 **budget governing an expenditure from a school corporation's**
38 **general fund after December 31, 2005.**

39 **(b) A budget for a school corporation's general fund is subject**
40 **to the same budget and review procedures under this chapter as a**
41 **fund for which a property tax is levied.**

42 SECTION 7. IC 6-1.1-17-3 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) The proper
 2 officers of a political subdivision shall formulate its estimated budget
 3 and its proposed tax rate and tax levy on the form prescribed by the
 4 state board of tax commissioners and approved by the state board of
 5 accounts. The political subdivision shall give notice by publication to
 6 taxpayers of:

- 7 (1) the estimated budget;
 8 (2) the estimated maximum permissible levy;
 9 (3) the current and proposed tax levies of each fund; ~~and~~
 10 (4) the amounts of excessive levy appeals to be requested; **and**
 11 **(5) after December 31, 2005, the current and proposed**
 12 **amount of revenue to be distributed by the state during the**
 13 **budget year to the general fund of a school corporation.**

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

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

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

24 The taxes collected as a result of this rate shall be credited to the
 25 county poor fund.

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

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

32 SECTION 8. IC 6-1.1-17-5.1 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.1. (a) As used in this
 34 section, "school corporation" has the meaning set forth in
 35 IC 20-10.1-1-1.

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

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



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

4 (1) a statement of the tax rate and tax levy fixed by the school
 5 corporation for the ensuing budget year;

6 (2) **after December 31, 2005, the proposed amount of revenue
 7 to be distributed by the state during the budget year to the
 8 general fund of a school corporation;**

9 (3) two (2) copies of the budget adopted by the school corporation
 10 for the ensuing budget year; and

11 ~~(3)~~ (4) any written notification from the state board of tax
 12 commissioners under section 16(i) of this chapter that specifies a
 13 proposed revision, reduction, or increase in the budget adopted by
 14 the school corporation for the ensuing budget year.

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

17 (e) In a consolidated city, a county containing a consolidated city,
 18 and a second class city, the clerk of the fiscal body shall,
 19 notwithstanding subsection (d), file the adopted budget and tax
 20 ordinances with the county board of tax adjustment not later than two
 21 (2) days after the ordinances are signed by the executive or not later
 22 than two (2) days after action is taken by the fiscal body to override a
 23 veto of the ordinances, whichever is later.

24 SECTION 9. IC 6-1.1-17-8 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) If the county
 26 board of tax adjustment determines that the maximum aggregate tax
 27 rate permitted within a political subdivision under IC ~~1971~~; 6-1.1-18
 28 is inadequate, the county board shall, subject to the limitations
 29 prescribed in IC ~~1971~~; 6-1.1-19-2 (**repealed January 1, 2006**), file its
 30 written recommendations in duplicate with the county auditor. The
 31 board shall include with its recommendations:

32 (1) an analysis of the aggregate tax rate within the political
 33 subdivision;

34 (2) a recommended breakdown of the aggregate tax rate among
 35 the political subdivisions whose tax rates compose the aggregate
 36 tax rate within the political subdivision; and

37 (3) any other information which the county board considers
 38 relevant to the matter.

39 (b) The county auditor shall forward one (1) copy of the county
 40 board's recommendations to the state board of tax commissioners and
 41 shall retain the other copy in his office. The state board of tax
 42 commissioners shall, in the manner prescribed in section 16 of this



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1 chapter, review the budgets, tax rates, and tax levies of the political
2 subdivisions described in subsection (a)(2) of this section.

3 SECTION 10. IC 6-1.1-17-10 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. (a) When the
5 aggregate tax rate within a political subdivision, as approved or
6 modified by the county board of tax adjustment, exceeds the maximum
7 aggregate tax rate prescribed in IC ~~1971~~; 6-1.1-18-3(a), the county
8 auditor shall certify the budgets, tax rates, and tax levies of the political
9 subdivisions whose tax rates compose the aggregate tax rate within the
10 political subdivision, as approved or modified by the county board, to
11 the state board of tax commissioners for final review. For purposes of
12 this section, the maximum aggregate tax rate limit exceptions provided
13 in IC ~~1971~~; 6-1.1-18-3(b) do not apply.

14 **(b) The county auditor shall certify the general fund budgets of**
15 **each school corporation, as modified by the county board of tax**
16 **adjustment, to the state board of tax commissioners for final**
17 **review.**

18 SECTION 11. IC 6-1.1-17-13 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. Ten (10) or more
20 taxpayers may initiate an appeal from the county board of tax
21 adjustment's action on a political subdivision's budget by filing a
22 statement of their objections with the county auditor. The statement
23 must be filed within ten (10) days after the publication of the notice
24 required by section 12 of this chapter. The statement shall specifically
25 identify the provisions of the budget and, **for funds for which a**
26 **property tax is imposed, the** tax levy to which the taxpayers object.
27 The county auditor shall forward the statement, with the budget, to the
28 state board of tax commissioners.

29 SECTION 12. IC 6-1.1-17-16 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. (a) Subject to the
31 limitations and requirements prescribed in this section, the state board
32 of tax commissioners may revise, reduce, or increase a political
33 subdivision's budget, tax rate, or tax levy which the board reviews
34 under section 8 or 10 of this chapter.

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

41 (c) Except as provided in subsection (i), before the state board of tax
42 commissioners reviews, revises, reduces, or increases a political



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

13 (d) Except as provided in:

14 (1) subsection (h);

15 (2) IC 6-1.1-19, **for ad valorem property taxes first due and**
 16 **payable before January 1, 2006;** or

17 (3) IC 6-1.1-18.5;

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

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

40 (1) no bonds of the building corporation are outstanding; or

41 (2) the building corporation has enough legally available funds on
 42 hand to redeem all outstanding bonds payable from the particular



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- 1 lease rental levy requested.
- 2 (f) The action of the state board of tax commissioners on a budget,
3 tax rate, or tax levy is final. The board shall certify its action to:
4 (1) the county auditor; and
5 (2) the political subdivision if the state board acts pursuant to an
6 appeal initiated by the political subdivision.
- 7 (g) The state board of tax commissioners is expressly directed to
8 complete the duties assigned to it under this section not later than
9 February 15th of each year for taxes to be collected during that year.
- 10 (h) Subject to the provisions of all applicable statutes, the state
11 board of tax commissioners may increase a political subdivision's tax
12 levy to an amount that exceeds the amount originally fixed by the
13 political subdivision if the increase is:
14 (1) requested in writing by the officers of the political
15 subdivision;
16 (2) either:
17 (A) based on information first obtained by the political
18 subdivision after the public hearing under section 3 of this
19 chapter; or
20 (B) results from an inadvertent mathematical error made in
21 determining the levy; and
22 (3) published by the political subdivision according to a notice
23 provided by the state board of tax commissioners.
- 24 (i) The state board of tax commissioners shall annually review the
25 budget of each school corporation not later than April 1. The state
26 board of tax commissioners shall give the school corporation written
27 notification specifying any revision, reduction, or increase the state
28 board of tax commissioners proposes in the school corporation's
29 budget. A public hearing is not required in connection with this review
30 of the budget.
- 31 SECTION 13. IC 6-1.1-18-3, AS AMENDED BY P.L.273-1999,
32 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JANUARY 1, 2002]: Sec. 3. (a) Except as provided in subsection (b),
34 the sum of all tax rates for all political subdivisions imposed on
35 tangible property within a political subdivision may not exceed:
36 (1) forty-one and sixty-seven hundredths cents (\$0.4167) on each
37 one hundred dollars (\$100) of assessed valuation in territory
38 outside the corporate limits of a city or town; or
39 (2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each
40 one hundred dollars (\$100) of assessed valuation in territory
41 inside the corporate limits of a city or town.
42 (b) **After December 31, 2005, subject to IC 6-1.1-19-1.9, the**

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1 proper officers of a political subdivision shall fix **property** tax rates
 2 which are sufficient to provide funds for the purposes itemized in this
 3 subsection. The portion of a tax rate fixed by a political subdivision **for**
 4 **a property tax levy** shall not be considered in computing the tax rate
 5 limits prescribed in subsection (a) if that portion is to be used for one
 6 (1) of the following purposes:

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

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

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

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

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

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

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

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

26 ~~(7) To meet the requirements of the county hospital care for the~~
 27 ~~indigent fund.~~

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

34 SECTION 14. IC 6-1.1-18-5 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) If the proper
 36 officers of a political subdivision desire to appropriate more money for
 37 a particular year than the amount prescribed in the budget for that year
 38 as finally determined under this article, they shall give notice of their
 39 proposed additional appropriation. The notice shall state the time and
 40 place at which a public hearing will be held on the proposal. The notice
 41 shall be given once in accordance with IC 5-3-1-2(b).

42 (b) If the additional appropriation by the political subdivision is

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1 **from the general fund of a school corporation or is** made from a
 2 fund that receives:

3 (1) distributions from the motor vehicle highway account
 4 established under IC 8-14-1-1 or the local road and street account
 5 established under IC 8-14-2-4; or

6 (2) revenue from property taxes levied under IC 6-1.1;

7 the political subdivision must report the additional appropriation to the
 8 state board of tax commissioners. If the additional appropriation is
 9 made from a fund described under this subsection, subsections (f), (g),
 10 (h), and (i) apply to the political subdivision.

11 (c) However, if the additional appropriation is not made from a fund
 12 described under subsection (b), subsections (f), (g), (h), and (i) do not
 13 apply to the political subdivision. Subsections (f), (g), (h), and (i) do
 14 not apply to an additional appropriation made from the cumulative
 15 bridge fund if the appropriation meets the requirements under
 16 IC 8-16-3-3(c).

17 (d) A political subdivision may make an additional appropriation
 18 without approval of the state board of tax commissioners if the
 19 additional appropriation is made from a fund that is not described
 20 under subsection (b). However, the fiscal officer of the political
 21 subdivision shall report the additional appropriation to the state board
 22 of tax commissioners.

23 (e) After the public hearing, the proper officers of the political
 24 subdivision shall file a certified copy of their final proposal and any
 25 other relevant information to the state board of tax commissioners.

26 (f) When the state board of tax commissioners receives a certified
 27 copy of a proposal for an additional appropriation under subsection (e),
 28 the board shall determine whether sufficient funds are available or will
 29 be available for the proposal. The determination shall be made in
 30 writing and sent to the political subdivision not more than fifteen (15)
 31 days after the board receives the proposal.

32 (g) In making the determination under subsection (f), the board shall
 33 limit the amount of the additional appropriation to revenues available,
 34 or to be made available, which have not been previously appropriated.

35 (h) If the state board of tax commissioners disapproves an additional
 36 appropriation under subsection (f), the state board of tax
 37 commissioners shall specify the reason for its disapproval on the
 38 determination sent to the political subdivision.

39 (i) A political subdivision may request a reconsideration of a
 40 determination of the state board of tax commissioners under this
 41 section by filing a written request for reconsideration. A request for
 42 reconsideration must:

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1 (1) be filed with the state board of tax commissioners within
 2 fifteen (15) days of the receipt of the determination by the
 3 political subdivision; and

4 (2) state with reasonable specificity the reason for the request.

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

7 SECTION 15. IC 6-1.1-18.5-9.7, AS AMENDED BY P.L.273-1999,
 8 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JANUARY 1, 2002]: Sec. 9.7. (a) The ad valorem property tax levy
 10 limits imposed by section 3 of this chapter do not apply to ad valorem
 11 property taxes imposed under any of the following:

12 (1) ~~IC 12-16~~, except ~~IC 12-16-1~~.

13 (2) ~~IC 12-19-5~~.

14 (3) ~~IC 12-19-7~~.

15 (4) **IC 12-20-24 or to ad valorem property taxes imposed to**
 16 **repay bonded indebtedness issued under IC 12-19 before**
 17 **January 1, 2002.**

18 (b) For purposes of computing the ad valorem property tax levy
 19 limits imposed under section 3 of this chapter, a county's or township's
 20 ad valorem property tax levy for a particular calendar year does not
 21 include that part of the levy imposed under the citations listed in
 22 subsection (a): **IC 12-20-24 or that part of the levy imposed to repay**
 23 **bonded indebtedness issued under IC 12-19 before January 1,**
 24 **2002.**

25 (c) Section 8(b) of this chapter does not apply to bonded
 26 indebtedness that will be repaid through property taxes imposed under
 27 ~~IC 12-19~~.

28 SECTION 16. IC 6-1.1-19-1.9 IS ADDED TO THE INDIANA
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS
 30 [EFFECTIVE JULY 1, 2005]: **Sec. 1.9. (a) This section applies to ad**
 31 **valorem property taxes first due and payable after December 31,**
 32 **2005.**

33 (b) **Except as provided in:**

34 (1) **IC 20-5-15-2 (public library in connection with school);**

35 (2) **IC 20-5-16-2 (nursery schools);**

36 (3) **IC 20-5-17-2 (Children's Museum in Marion County);**

37 (4) **IC 20-5-17.5-2 (historical societies);**

38 (5) **IC 20-5-17.5-3 (art associations);**

39 (6) **IC 20-5-17.5-4 (cultural institutions); and**

40 (7) **IC 20-5-37-4 (public playgrounds);**

41 **a school corporation may not levy an ad valorem property tax for**
 42 **the school corporation's general fund.**



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1 SECTION 17. IC 6-1.1-19-4.4 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4.4. (a) With respect to
 3 every appeal petition **for property taxes first due and payable before**
 4 **January 1, 2006**, that is delivered to the tax control board by the state
 5 board of tax commissioners under section 4.1 of this chapter, and that
 6 does not include a request for emergency financial relief, **and with**
 7 **respect to every appeal petition for property taxes first due and**
 8 **payable after December 31, 2006, to a fund other than the general**
 9 **fund if another statute provides for an appeal under this section,**
 10 the tax control board shall, after the tax control board makes the study
 11 of the appeal petition and related materials that the tax control board
 12 considers necessary, recommend to the state board of tax
 13 commissioners, in respect of the particular appeal petition that:

14 (1) the order of the county board of tax adjustment or the county
 15 auditor in respect of the appellant school corporation's budget, **ad**
 16 **valorem property** tax levy, or **ad valorem property** tax rate for
 17 the ensuing calendar year be approved;

18 (2) the order of the county board of tax adjustment or the county
 19 auditor in respect of the appellant school corporation's budget, **ad**
 20 **valorem property** tax levy, or **ad valorem property** tax rate be
 21 disapproved and that the appellant school corporation's budget, **ad**
 22 **valorem property** tax levy, or **ad valorem property** tax rate be
 23 reduced as specified in the tax control board's recommendation;

24 (3) the order of the county board of tax adjustment or the county
 25 auditor in respect of the appellant school corporation's budget, **ad**
 26 **valorem property** tax levy, or **ad valorem property** tax rate be
 27 disapproved and that the appellant school corporation's budget, **ad**
 28 **valorem property** tax levy, or **ad valorem property** tax rate be
 29 increased as specified in the tax control board's recommendation;
 30 or

31 (4) **for property taxes first due and payable before January 1,**
 32 **2006**, combined with a recommendation allowed under
 33 subdivision (1), (2), or (3), the adjusted base tax levy for the
 34 school corporation be increased if the school corporation can
 35 show a need for the increased adjusted base levy due to:

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

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

41 The adjusted base levy increase, if approved by the tax control
 42 board, shall be an amount equal to the increase in costs resulting

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1 to the school corporation from the opening and operation of the
 2 new school facility or the reopening and operation of an existing
 3 facility that has not been used for at least three (3) years and that
 4 is being reopened to provide additional classroom space. In
 5 determining those increased costs, the tax control board shall
 6 consider the costs to the school corporation of complying with
 7 safety, health, space, heat, or lighting standards required by state
 8 or federal law or regulation, and the other physical operation costs
 9 that in the opinion of the tax control board justify an adjustment
 10 in the school corporation's adjusted base levy.

11 (b) With respect to an appeal petition described in this section, the
 12 tax control board may not make a recommendation that, if followed by
 13 the state board of tax commissioners, would authorize the appellant
 14 school corporation for ~~the~~ **an** ensuing calendar year **before January 1,**
 15 **2006:**

16 (1) to collect a general fund tax levy in excess of the general fund
 17 tax levy initially adopted and advertised by the appellant school
 18 corporation;

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

22 (3) to collect an excessive tax levy.

23 **With respect to an appeal petition described in this section, the tax**
 24 **control board may not make a recommendation that, if followed by**
 25 **the state board of tax commissioners, would authorize the**
 26 **appellant school corporation for an ensuing calendar year after**
 27 **December 31, 2005, to levy an ad valorem property tax for the**
 28 **school corporation's general fund.**

29 (c) **This subsection applies to a school budget for an expenditure**
 30 **from the school general fund after December 31, 2005. If the tax**
 31 **control board concludes, after studying an appeal petition, that the**
 32 **appellant school corporation cannot, in the ensuing calendar year,**
 33 **carry out the public educational duty committed to the appellant**
 34 **school corporation by law if, for the ensuing calendar year, the**
 35 **appellant school corporation does not receive emergency financial**
 36 **relief, the tax control board may recommend to the state board of**
 37 **tax commissioners that the order of the county board of tax**
 38 **adjustment or the county auditor with respect to the budget of the**
 39 **appellant school corporation be approved or disapproved and**
 40 **modified as specified in the tax control board's recommendation,**
 41 **and that the appellant school corporation receive emergency**
 42 **financial relief from the state, on terms to be specified by the tax**



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1 control board in the board's recommendation, in the form of:

- 2 (1) a grant or grants from funds of the state that are available
3 for that purpose;
- 4 (2) a loan or loans from funds of the state that are available
5 for that purpose;
- 6 (3) permission to the appellant school corporation to borrow
7 funds from a source other than the state or assistance in
8 obtaining the loan;
- 9 (4) an advance or advances of funds that will become payable
10 to the appellant school corporation under a law providing for
11 the payment of state funds to school corporations;
- 12 (5) permission to use, for general fund purposes, an
13 unobligated balance in a construction fund, including
14 unobligated proceeds of a sale of the school corporation's
15 general obligation bonds; or
- 16 (6) a combination of the emergency financial relief described
17 in subdivisions (1) through (5).

18 The tax control board shall recommend the source of the
19 repayment of a loan recommended under this subsection. The tax
20 control board may not recommend the imposition of an ad valorem
21 property tax levy to repay the loan. The state board of tax
22 commissioners may accept, reject, or accept and modify a
23 recommendation made by the tax control board under this
24 subsection.

25 (d) A school corporation, with respect to which the tax control
26 board recommends and the state board of tax commissioners
27 authorizes emergency financial relief under subsection (c), is, if the
28 school corporation accepts the authorized relief, prohibited
29 throughout a calendar year in which or for which the school
30 corporation receives the emergency financial relief from taking the
31 prohibited actions described in this subsection until the action is
32 recommended by the tax control board to the state board of tax
33 commissioners and authorized by the state board of tax
34 commissioners. The prohibited actions are any of the following:

- 35 (1) The acquisition of real estate for school building purposes,
36 the construction of new school buildings, or the remodeling or
37 renovation of existing school buildings.
- 38 (2) The making of a lease of real or personal property for an
39 annual rental or the incurring of any other contractual
40 obligation (except an employment contract for a new
41 employee if the contract is to supersede the contract of a
42 terminating employee) calling for an annual outlay by the



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1 school corporation of more than ten thousand dollars
2 (\$10,000).

3 (3) The purchase of personal property for a consideration of
4 more than ten thousand dollars (\$10,000).

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

7 (e) If a school corporation subject to the controls described in
8 subsection (d) takes any of the actions described in subsection (d),
9 without having first obtained the recommendation of the tax
10 control board and the authorization of the state board of tax
11 commissioners for the action, the state board of tax commissioners
12 may take appropriate steps to reduce or terminate any emergency
13 financial relief that the school corporation may then be receiving
14 under subsection (c).

15 SECTION 18. IC 6-1.1-19-5.3 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.3. (a) **This**
17 **subsection applies only to an ad valorem property tax levy that is**
18 **first due and payable before January 1, 2006.** The tax control board
19 may recommend to the state board of tax commissioners a correction
20 of mathematical errors in data that affect the determination of:

- 21 (1) a school corporation's adjusted base levy;
22 (2) a school corporation's excessive tax levy; or
23 (3) a school corporation's normal tax levy.

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

26 SECTION 19. IC 6-1.1-19-7 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) **As used in this**
28 **section, "excessive tax levy" has the meaning set forth in section 1**
29 **of this chapter (repealed January 1, 2006).**

30 (b) Any recommendation that is to be made by the tax control board
31 to the state board of tax commissioners pursuant to any provision of
32 this chapter shall be made at such a time as is prescribed in this chapter
33 and, if no time for the making of such a recommendation is prescribed
34 in this chapter, then the recommendation shall be made at such a time
35 as will permit the state board of tax commissioners to complete those
36 duties of the board that are defined in IC ~~1971~~; 6-1.1-17 within the time
37 allowed by law for the completion of those duties, or such additional
38 time as is reasonably necessary for the state board of tax
39 commissioners and the tax control board to complete the duties
40 provided by this chapter. No **ad valorem property** tax levy shall be
41 invalid because of the failure of either board to complete its duties
42 within the time or time limits provided by this chapter or any other law.



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1 Subject to the provisions of this chapter, the state board of tax
 2 commissioners may accept, reject, or accept in part and reject in part
 3 any recommendation of the tax control board that is made to it under
 4 this chapter and may make any order that is consistent with the
 5 provisions of IC ~~1971~~; 6-1.1-17. The state board of tax commissioners
 6 may not approve or authorize an excessive tax levy **that is first due**
 7 **and payable before January 1, 2006**, except in accordance with the
 8 provisions of this chapter. **The state board of tax commissioners may**
 9 **not approve or authorize an excessive tax levy that is first due and**
 10 **payable after December 31, 2005.**

11 SECTION 20. IC 6-1.1-19-12 IS ADDED TO THE INDIANA
 12 CODE AS A NEW SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JANUARY 1, 2006]: **Sec. 12. (a) As used in this**
 14 **section, "revenues" means excise tax distributions under IC 6-6-5**
 15 **and any other allocation of state tax collections or distributions**
 16 **that by statute:**

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

20 **The term does not include homestead credits or property tax**
 21 **replacement credits.**

22 (b) A school corporation is entitled to receive for the school
 23 corporation's general fund a proportion of the revenues that are
 24 distributed within the county. The amount that the school
 25 corporation is entitled to receive during that calendar year equals
 26 the amount determined under STEP FIVE of the following
 27 formula:

28 **STEP ONE: Determine the amount of revenue that is**
 29 **available for distribution in the county in the distribution**
 30 **year.**

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

32 (A) the average annual percentage of the school general
 33 fund budget, using 1999, 2000, and 2001, that was
 34 comprised of property tax revenue, including any property
 35 tax replacement credits or homestead credits; multiplied
 36 by

37 (B) the school general fund budget for the distribution
 38 year.

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

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

42 (B) the amounts determined in STEP TWO for all school



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1 **corporations in the county in proportion to the amount of**
 2 **taxable property located in the school corporation and the**
 3 **county;**
 4 **for that calendar year.**
 5 **STEP FOUR: Determine the result of the STEP TWO amount**
 6 **divided by the STEP THREE sum.**
 7 **STEP FIVE: Multiply the STEP ONE amount by the STEP**
 8 **FOUR result.**

9 **(c) The amount of revenues distributed to:**
 10 **(1) taxing units other than a school corporation; and**
 11 **(2) funds of a school corporation for which a property tax levy**
 12 **is imposed;**
 13 **shall be changed for that same year by reducing the amount of**
 14 **revenue distributed by the amount of revenue allocated under this**
 15 **section for that same calendar year. The state board of tax**
 16 **commissioners shall make any adjustments required by this section**
 17 **and provide them to the appropriate county auditors.**

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

21 SECTION 21. IC 6-1.1-20-1.1 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1.1. As used in this
 23 chapter, "controlled project" means any project financed by bonds or
 24 a lease, except for the following:

- 25 (1) A project for which the political subdivision reasonably
 26 expects to pay:
 27 (A) debt service; or
 28 (B) lease rentals;
 29 from funds other than property taxes that are exempt from the
 30 levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~ **IC 6-1.1-19-1.5**
 31 **(repealed January 1, 2006) or are levied by a school**
 32 **corporation for a fund other than the general fund.** A project
 33 is not a controlled project even though the political subdivision
 34 has pledged to levy property taxes to pay the debt service or lease
 35 rentals if those other funds are insufficient.
 36 (2) A project that will not obligate the political subdivision to
 37 more than two million dollars (\$2,000,000) in debt service or
 38 lease rentals.
 39 (3) A project that is being refinanced for the purpose of providing
 40 gross or net present value savings to taxpayers.
 41 (4) A project for which bonds were issued or leases were entered
 42 into before January 1, 1996, or where the state board of tax

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1 commissioners has approved the issuance of bonds or the
 2 execution of leases before January 1, 1996.
 3 (5) A project that is required by a court order holding that a
 4 federal law mandates the project.
 5 SECTION 22. IC 6-1.1-20-1.3 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1.3. As used in this
 7 chapter, "lease" means a lease by a political subdivision of any
 8 controlled project with lease rentals payable from property taxes that
 9 are exempt from the levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19-~~
 10 **IC 6-1.1-19-1.5 (repealed January 1, 2006) or are levied by a school**
 11 **corporation for a fund other than the general fund.**
 12 SECTION 23. IC 6-1.1-21-2 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. As used in this
 14 chapter:
 15 (a) "Taxpayer" means a person who is liable for taxes on property
 16 assessed under this article.
 17 (b) "Taxes" means taxes payable in respect to property assessed
 18 under this article. The term does not include special assessments,
 19 penalties, or interest, but does include any special charges which a
 20 county treasurer combines with all other taxes in the preparation and
 21 delivery of the tax statements required under IC 6-1.1-22-8(a).
 22 (c) "Department" means the department of state revenue.
 23 (d) "Auditor's abstract" means the annual report prepared by each
 24 county auditor which under IC 6-1.1-22-5, is to be filed on or before
 25 March 1 of each year with the auditor of state.
 26 (e) "Mobile home assessments" means the assessments of mobile
 27 homes made under IC 6-1.1-7.
 28 (f) "Postabstract adjustments" means adjustments in taxes made
 29 subsequent to the filing of an auditor's abstract which change
 30 assessments therein or add assessments of omitted property affecting
 31 taxes for such assessment year.
 32 (g) "Total county tax levy" means the sum of:
 33 (1) the remainder of:
 34 (A) the aggregate levy of all taxes for all taxing units in a
 35 county which are to be paid in the county for a stated
 36 assessment year as reflected by the auditor's abstract for the
 37 assessment year, adjusted, however, for any postabstract
 38 adjustments which change the amount of the aggregate levy;
 39 minus
 40 (B) the sum of any increases in property tax levies of taxing
 41 units of the county that result from appeals described in:
 42 (i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after

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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 (**before its repeal**), 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 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 (**repealed**) 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
(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (**repealed**) 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
(G) the amount of property taxes imposed in the county for the stated assessment year under:

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- 1 (i) IC 21-2-15 for a capital projects fund; plus
 2 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
 3 (iii) IC 20-14-13 for a library capital projects fund; plus
 4 (iv) IC 20-5-17.5-3 for an art association fund; plus
 5 (v) IC 21-2-17 for a special education preschool fund; plus
 6 (vi) **before January 1, 2006**, an appeal filed under
 7 IC 6-1.1-19-5.1 (**repealed January 1, 2006**) for an increase
 8 in a school corporation's maximum permissible general fund
 9 levy for certain transfer tuition costs; plus
 10 (vii) **before January 1, 2006**, an appeal filed under
 11 IC 6-1.1-19-5.4 for an increase in a school corporation's
 12 maximum permissible general fund levy for transportation
 13 operating costs; minus
 14 (H) the amount of property taxes imposed by a school
 15 corporation **before January 1, 2006**, that is attributable to the
 16 passage, after 1983, of a referendum for an excessive tax levy
 17 under IC 6-1.1-19, including any increases in these property
 18 taxes that are attributable to the adjustment set forth in
 19 ~~IC 6-1.1-19-1.5(a) STEP ONE~~ or any other law; minus
 20 (I) for each township in the county, the lesser of:
 21 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 22 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
 23 whichever is applicable, plus the part, if any, of the
 24 township's ad valorem property tax levy for calendar year
 25 1989 that represents increases in that levy that resulted from
 26 an appeal described in IC 6-1.1-18.5-13(5) filed after
 27 December 31, 1982; or
 28 (ii) the amount of property taxes imposed in the township for
 29 the stated assessment year under the authority of
 30 IC 36-8-13-4; minus
 31 (J) for each participating unit in a fire protection territory
 32 established under IC 36-8-19-1, the amount of property taxes
 33 levied by each participating unit under IC 36-8-19-8 and
 34 IC 36-8-19-8.5 less the maximum levy limit for each of the
 35 participating units that would have otherwise been available
 36 for fire protection services under IC 6-1.1-18.5-3 and
 37 IC 6-1.1-18.5-19 for that same year; ~~minus~~
 38 (K) for each county, the sum of:
 39 (i) the amount of property taxes imposed in the county for
 40 the repayment of loans under ~~IC 12-19-5-6~~ that is included
 41 in the amount determined under ~~IC 12-19-7-4(a) STEP~~
 42 ~~SEVEN~~ for property taxes payable in 1995; or for property

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1 taxes payable in each year after 1995; the amount
2 determined under IC 12-19-7-4(b); and

3 (ii) the amount of property taxes imposed in the county
4 attributable to appeals granted under IC 6-1.1-18.6-3 that is
5 included in the amount determined under IC 12-19-7-4(a)
6 STEP SEVEN for property taxes payable in 1995; or the
7 amount determined under IC 12-19-7-4(b) for property taxes
8 payable in each year after 1995; plus

9 (2) all taxes to be paid in the county in respect to mobile home
10 assessments currently assessed for the year in which the taxes
11 stated in the abstract are to be paid; plus

12 (3) the amounts, if any, of county adjusted gross income taxes that
13 were applied by the taxing units in the county as property tax
14 replacement credits to reduce the individual levies of the taxing
15 units for the assessment year, as provided in IC 6-3.5-1.1; plus

16 (4) the amounts, if any, by which the maximum permissible ad
17 valorem property tax levies of the taxing units of the county were
18 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
19 assessment year; plus

20 (5) the difference between:

21 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
22 minus

23 (B) the amount the civil taxing units' levies were increased
24 because of the reduction in the civil taxing units' base year
25 certified shares under IC 6-1.1-18.5-3(e).

26 (h) "December settlement sheet" means the certificate of settlement
27 filed by the county auditor with the auditor of state, as required under
28 IC 6-1.1-27-3.

29 (i) "Tax duplicate" means the roll of property taxes which each
30 county auditor is required to prepare on or before March 1 of each year
31 under IC 6-1.1-22-3.

32 SECTION 24. IC 6-1.1-21.5-6 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) Except as
34 specifically provided in subsection (c), the receipt by the qualified
35 taxing unit of either the loan proceeds or any payment of delinquent tax
36 owed by a taxpayer in bankruptcy, or both, is not considered to be part
37 of the ad valorem property tax levy actually collected by the qualified
38 taxing unit for taxes first due and payable during a particular calendar
39 year for the purpose of calculating the levy excess under
40 IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 (**repealed January 1, 2006**).

41 (b) The loan proceeds and any payment of delinquent tax may be
42 expended by the qualified taxing unit only to pay debts of the qualified



1 taxing unit that have been incurred pursuant to duly adopted
2 appropriations approved by the state board of tax commissioners for
3 operating expenses.

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

6 (1) the loan proceeds; and

7 (2) the payment of property taxes owed by a taxpayer in a
8 bankruptcy proceeding initially filed in 1986 and payable in
9 respect to the second installment of taxes due and payable in
10 November 1986, and in respect to taxes due and payable in 1987;
11 exceeds eleven million nine hundred thousand dollars (\$11,900,000),
12 the excess as received during any calendar year or years shall be set
13 aside and treated for the calendar year when received as a levy excess
14 subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 (**repealed January 1,**
15 **2006**). In calculating the payment of property taxes as provided in
16 subdivision (2), the amount of property tax credit ~~finally~~ **finally**
17 allowed under IC 6-1.1-21-5 in respect to such taxes is deemed to be
18 a payment of such property taxes.

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

23 SECTION 25. IC 6-1.1-21.7-14 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. Loan proceeds
25 received under this chapter may not be considered to be a levy excess
26 under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7 (**repealed January 1,**
27 **2006**).

28 SECTION 26. IC 6-1.1-29-9, AS AMENDED BY P.L.273-1999,
29 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JANUARY 1, 2002]: Sec. 9. (a) A county council may adopt an
31 ordinance to abolish the county board of tax adjustment. This ordinance
32 must be adopted by July 1 and may not be rescinded in the year it is
33 adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19,
34 ~~IC 12-19-7~~, IC 21-2-14 (**repealed January 1, 2006**), IC 36-8-6,
35 IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and
36 IC 36-9-13, if such an ordinance is adopted, this section governs the
37 treatment of tax rates, tax levies, and budgets that would otherwise be
38 reviewed by a county board of tax adjustment under IC 6-1.1-17.

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

41 (c) A tax rate, tax levy, or budget that otherwise would be reviewed
42 by the county board of tax adjustment is considered and must be treated



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1 for all purposes as if the county board of tax adjustment approved the
 2 tax rate, tax levy, or budget. This includes the notice of tax rates that is
 3 required under IC 6-1.1-17-12.

4 SECTION 27. IC 6-1.1-30-9 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) The state board
 6 of tax commissioners shall select the following employees in the
 7 manner prescribed in this section:

8 (1) field representatives;

9 (2) supervisors;

10 (3) employees who are selected to work in the board's division of
 11 tax review; and

12 (4) **before January 1, 2006**, employees who are selected to
 13 perform the duties assigned to the board under IC ~~1971~~; 6-1.1-34.

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

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

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

26 (2) select, as nearly as possible, the employees described in
 27 subsection (a)(3) ~~of this section~~ so that no more than one-half
 28 (1/2) of all those employees belong to any one (1) political party;
 29 and

30 (3) **before January 1, 2006**, select, as nearly as possible, the
 31 employees described in subsection (a)(4) ~~of this section~~ so that no
 32 more than one-half (1/2) of those employees belong to any one (1)
 33 political party.

34 SECTION 28. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE
 35 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 36 APRIL 1, 2005]:

37 **Chapter 44. Replacement of Property Tax Levies in Allocation**
 38 **Areas**

39 **Sec. 1. As used in this chapter, "allocation area" refers to an**
 40 **area that is established under the authority of any of the following**
 41 **statutes and in which property taxes levied by a taxing unit other**
 42 **than the area are allocated to the use of the area:**



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- 1 (1) IC 6-1.1-39-5.
- 2 (2) IC 8-22-3.5-9.
- 3 (3) IC 36-7-14-30.
- 4 (4) IC 36-7-14-32.
- 5 (5) IC 36-7-14-39.
- 6 (6) IC 36-7-14-41.
- 7 (7) IC 36-7-14-43.
- 8 (8) IC 36-7-14.5-12.5.
- 9 (9) IC 36-7-15.1-20.
- 10 (10) IC 36-7-15.1-22.
- 11 (11) IC 36-7-15.1-26.
- 12 (12) IC 36-7-15.1-29.
- 13 (13) IC 36-7-15.1-30.
- 14 (14) IC 36-7-30-25.
- 15 (15) Other similar statutes.

16 **Sec. 2.** As used in this chapter, "obligation" means an obligation
 17 entered into by the governing body of an allocation area to repay:

- 18 (1) the principal and interest on bonds; or
- 19 (2) any other contractual obligation;

20 from revenues received from the levy of an ad valorem property
 21 tax by a taxing unit. The term includes a guarantee of repayment
 22 from ad valorem property tax levies if other revenues are
 23 insufficient to make a payment.

24 **Sec. 3.** After April 1, 2005, the governing body of an allocation
 25 area may not pledge a school general fund property tax levy that
 26 is first due and payable after December 31, 2006, to the payment
 27 of an obligation.

28 **Sec. 4. (a)** This section applies to an allocation area in which:

- 29 (1) the holder of a bond or another contractual obligation
 30 received a pledge before April 2, 2005, of ad valorem property
 31 tax levies to repay any part of the bond or other contractual
 32 obligation after December 31, 2005; and
- 33 (2) the elimination of a general fund property tax levy for a
 34 school corporation adversely affects the ability of the
 35 allocation area to repay the bond or other contractual
 36 obligation described in subdivision (1).

37 (b) The governing body of an allocation area may, after a
 38 hearing, impose a special assessment on the owners of property
 39 that is located in an allocation area to repay an obligation that
 40 comes due after December 31, 2006. The total amount of the special
 41 assessment in a year may not exceed the amount by which the total
 42 due in the year on the obligations of the allocation area entered

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1 into before April 2, 2005, exceed the amount of other revenues
2 available to the allocation area.

3 (c) A special assessment shall be imposed and collected in the
4 same manner as ad valorem property taxes are imposed and
5 collected.

6 SECTION 29. IC 6-3.1-2-1 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
8 chapter, the following terms have the following meanings:

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

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

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

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

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

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

19 (3) "Regular school term" means the period, other than the school
20 summer recess, during which a teacher is required to perform
21 duties assigned to him under a teaching contract.

22 (4) "School corporation" ~~means any corporation authorized by law~~
23 ~~to establish public schools and levy taxes for their maintenance.~~
24 **has the meaning set forth in IC 36-1-2-17.**

25 (5) "Shortage area" means the subject areas of mathematics and
26 science and any other subject area designated as a shortage area
27 by the Indiana state board of education.

28 (6) "State income tax liability" means a taxpayer's total income
29 tax liability incurred under IC 6-2.1 and IC 6-3, as computed after
30 application of credits that under IC 6-3.1-1-2 are to be applied
31 before the credit provided by this chapter.

32 SECTION 30. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
33 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
34 JANUARY 1, 2002]:

35 **Chapter 20. Credit for Property Taxes Paid on Inventory**

36 **Sec. 1. As used in this chapter, "assessed value" means the**
37 **assessed value of inventory determined under IC 6-1.1-3.**

38 **Sec. 2. As used in this chapter, "inventory" has the meaning set**
39 **forth in IC 6-1.1-3-11.**

40 **Sec. 3. As used in this chapter, "pass through entity" means:**

41 (1) a corporation that is exempt from the adjusted gross
42 income tax under IC 6-3-2-2.8(2); or

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(2) a partnership.
Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:
(1) IC 6-2.1 (gross income tax);
(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
(3) IC 6-3-8 (supplemental net income tax);
(4) IC 6-5.5 (financial institutions tax); and
(5) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter, including the credit under IC 6-1.1-20.5.

Sec. 5. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 6. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the ad valorem property taxes paid by the taxpayer in the taxable year on inventory.

(b) The amount of the credit is equal to the product of:
(1) the appropriate percentage specified in subsection (c); multiplied by
(2) the amount of property taxes paid on inventory by the taxpayer during the taxable year.

(c) The percentage described in subsection (b)(1) is determined by the calendar year in which the property taxes on inventory are paid and is set forth in the following table:

CALENDAR YEAR IN WHICH INVENTORY TAXES ARE PAID	PERCENTAGE OF INVENTORY TAXES ALLOWED AS A CREDIT
2001	20%
2002	40%
2003	60%
2004	80%
2005 and thereafter	100%

(d) If a taxpayer pays property taxes in two (2) different calendar years during the taxpayer's same taxable year, the taxpayer shall apply the appropriate percentage specified for each calendar year to the property taxes paid in each calendar year to compute the credit for the taxable year.

Sec. 7. (a) If the amount determined under section 6(b) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit

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1 carryover from a taxable year shall be reduced to the extent that
 2 the carryover is used by the taxpayer to obtain a credit under this
 3 chapter for any subsequent taxable year. A taxpayer is not entitled
 4 to a carryback.

5 (b) A taxpayer is not entitled to a refund of any unused credit.

6 Sec. 8. If a pass through entity does not have state income tax
 7 liability against which the tax credit may be applied, a shareholder
 8 or partner of the pass through entity is entitled to a tax credit equal
 9 to:

10 (1) the tax credit determined for the pass through entity for
 11 the taxable year; multiplied by

12 (2) the percentage of the pass through entity's distributive
 13 income to which the shareholder or partner is entitled.

14 Sec. 9. To receive the credit provided by this chapter, a taxpayer
 15 must claim the credit on the taxpayer's state tax return or returns
 16 in the manner prescribed by the department. The taxpayer shall
 17 submit to the department proof of payment of an ad valorem
 18 property tax and all information that the department determines
 19 is necessary for the calculation of the credit provided by this
 20 chapter.

21 SECTION 31. IC 6-3.5-1.1-1 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
 23 chapter:

24 "Adjusted gross income" has the same definition that the term is
 25 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer
 26 who is not a resident of a county that has imposed the county adjusted
 27 gross income tax, the term includes only adjusted gross income derived
 28 from his principal place of business or employment.

29 "Civil taxing unit" means any entity having the power to impose ad
 30 valorem property taxes except a school corporation. The term does not
 31 include a solid waste management district that is not entitled to a
 32 distribution under section 1.3 of this chapter. However, in the case of
 33 a consolidated city, the term "civil taxing unit" includes the
 34 consolidated city and all special taxing districts, all special service
 35 districts, and all entities whose budgets and property tax levies are
 36 subject to review under IC 36-3-6-9.

37 "County council" includes the city-county council of a consolidated
 38 city.

39 "County taxpayer" as it relates to a county for a year means any
 40 individual:

41 (1) who resides in that county on the date specified in section 16
 42 of this chapter; or

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1 (2) who maintains his principal place of business or employment
 2 in that county on the date specified in section 16 of this chapter
 3 and who does not on that same date reside in another county in
 4 which the county adjusted gross income tax, the county option
 5 income tax, or the county economic development income tax is in
 6 effect.

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

8 "Nonresident county taxpayer" as it relates to a county for a year
 9 means any county taxpayer for that county for that year who is not a
 10 resident county taxpayer of that county for that year.

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

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

17 SECTION 32. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. (a) In determining
 19 the amount of property tax replacement credits civil taxing units and
 20 school corporations of a county are entitled to receive during a calendar
 21 year, the state board of tax commissioners shall consider only property
 22 taxes imposed on tangible property that was assessed in that county.

23 (b) If a civil taxing unit or a school corporation is located in more
 24 than one (1) county and receives property tax replacement credits from
 25 one (1) or more of the counties, then the property tax replacement
 26 credits received from each county shall be used only to reduce the
 27 property tax rates that are imposed within the county that distributed
 28 the property tax replacement credits.

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

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

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1 proportion to the levy for each fund.

2 SECTION 33. IC 6-3.5-1.1-15, AS AMENDED BY P.L.273-1999,
3 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2002]: Sec. 15. (a) As used in this section, "attributed
5 levy" of a civil taxing unit means the sum of:

6 (1) the ad valorem property tax levy of the civil taxing unit that is
7 currently being collected at the time the allocation is made; plus

8 (2) the current ad valorem property tax levy of any special taxing
9 district, authority, board, or other entity formed to discharge
10 governmental services or functions on behalf of or ordinarily
11 attributable to the civil taxing unit; plus

12 (3) the amount of federal revenue sharing funds and certified
13 shares that were used by the civil taxing unit (or any special
14 taxing district, authority, board, or other entity formed to
15 discharge governmental services or functions on behalf of or
16 ordinarily attributable to the civil taxing unit) to reduce its ad
17 valorem property tax levies below the limits imposed by
18 IC 6-1.1-18.5; plus

19 (4) in the case of a county, an amount equal to the property taxes
20 imposed by the county in 1999 for the county's welfare fund and
21 welfare administration fund; plus

22 **(5) in the case of a county, an amount equal to the property**
23 **taxes imposed by the county in 2001 for the county's family**
24 **and children's fund, county medical assistance to wards,**
25 **county hospital care for the indigent, and children with**
26 **special health care needs.**

27 (b) The part of a county's certified distribution that is to be used as
28 certified shares shall be allocated only among the county's civil taxing
29 units. Each civil taxing unit of a county is entitled to receive a
30 percentage of the certified shares to be distributed in the county equal
31 to the ratio of its attributed levy to the total attributed levies of all civil
32 taxing units of the county.

33 (c) The local government tax control board established by
34 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing
35 units that are entitled to receive certified shares during a calendar year.
36 If the ad valorem property tax levy of any special taxing district,
37 authority, board, or other entity is attributed to another civil taxing unit
38 under subsection (b)(2), then the special taxing district, authority,
39 board, or other entity shall not be treated as having an attributed levy
40 of its own. The local government tax control board shall certify the
41 attributed levy amounts to the appropriate county auditor. The county
42 auditor shall then allocate the certified shares among the civil taxing



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1 units of his county.

2 (d) Certified shares received by a civil taxing unit shall be treated
3 as additional revenue for the purpose of fixing its budget for the
4 calendar year during which the certified shares will be received. The
5 certified shares may be allocated to or appropriated for any purpose,
6 including property tax relief or a transfer of funds to another civil
7 taxing unit whose levy was attributed to the civil taxing unit in the
8 determination of its attributed levy.

9 SECTION 34. IC 6-3.5-6-17.6, AS AMENDED BY P.L.273-1999,
10 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2002]: Sec. 17.6. (a) This section applies to a county
12 containing a consolidated city.

13 (b) On or before July 15 of each year, the budget agency shall make
14 the following calculation:

15 STEP ONE: Determine the cumulative balance in a county's
16 account established under section 16 of this chapter as of the end
17 of the current calendar year.

18 STEP TWO: Divide the amount estimated under section 17(b) of
19 this chapter before any adjustments are made under section 17(c)
20 or 17(d) of this chapter by twelve (12).

21 STEP THREE: Multiply the STEP TWO amount by three (3).

22 STEP FOUR: Subtract the amount determined in STEP THREE
23 from the amount determined in STEP ONE.

24 (c) For 1995, the budget agency shall certify the STEP FOUR
25 amount to the county auditor on or before July 15, 1994. Not later than
26 January 31, 1995, the auditor of state shall distribute the STEP FOUR
27 amount to the county auditor to be used to retire outstanding
28 obligations for a qualified economic development tax project (as
29 defined in IC 36-7-27-9).

30 (d) After 1995, the STEP FOUR amount shall be distributed to the
31 county auditor in January of the ensuing calendar year. The STEP
32 FOUR amount shall be distributed by the county auditor to the civil
33 taxing units within thirty (30) days after the county auditor receives the
34 distribution. Each civil taxing unit's share equals the STEP FOUR
35 amount multiplied by the quotient of:

36 (1) the maximum permissible property tax levy under
37 IC 6-1.1-18.5 for the civil taxing unit, plus, for a county, an
38 amount equal to the property taxes imposed by the county in 1999
39 for the county's welfare administration fund **and an amount**
40 **equal to the property taxes imposed by the county in 2001 for**
41 **the county's family and children's fund, county medical**
42 **assistance to wards, county hospital care for the indigent, and**



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1 **children with special health care needs;** divided by
 2 (2) the sum of the maximum permissible property tax levies under
 3 IC 6-1.1-18.5 for all civil taxing units of the county, plus an
 4 amount equal to the property taxes imposed by the county in 1999
 5 for the county's welfare administration fund **and an amount**
 6 **equal to the property taxes imposed by the county in 2001 for**
 7 **the county's family and children's fund, county medical**
 8 **assistance to wards, county hospital care for the indigent, and**
 9 **children with special health care needs.**

10 SECTION 35. IC 6-3.5-6-18, AS AMENDED BY P.L.273-1999,
 11 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2002]: Sec. 18. (a) The revenue a county auditor
 13 receives under this chapter shall be used to:

14 (1) replace the amount, if any, of property tax revenue lost due to
 15 the allowance of an increased homestead credit within the county;
 16 (2) fund the operation of a public communications system and
 17 computer facilities district as provided in an election, if any, made
 18 by the county fiscal body under IC 36-8-15-19(b);
 19 (3) fund the operation of a public transportation corporation as
 20 provided in an election, if any, made by the county fiscal body
 21 under IC 36-9-4-42;
 22 (4) make payments permitted under IC 36-7-15.1-17.5;
 23 (5) make payments permitted under subsection ~~(f)~~; **(i)**; and
 24 (6) make distributions of distributive shares to the civil taxing
 25 units of a county.

26 (b) The county auditor shall retain from the payments of the county's
 27 certified distribution, an amount equal to the revenue lost, if any, due
 28 to the increase of the homestead credit within the county. This money
 29 shall be distributed to the civil taxing units and school corporations of
 30 the county as though they were property tax collections and in such a
 31 manner that no civil taxing unit or school corporation shall suffer a net
 32 revenue loss due to the allowance of an increased homestead credit.

33 (c) The county auditor shall retain the amount, if any, specified by
 34 the county fiscal body for a particular calendar year under subsection
 35 ~~(f)~~; **(i)**, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the
 36 county's certified distribution for that same calendar year. The county
 37 auditor shall distribute amounts retained under this subsection to the
 38 county.

39 (d) All certified distribution revenues that are not retained and
 40 distributed under subsections (b) and (c) shall be distributed to the civil
 41 taxing units of the county as distributive shares.

42 (e) The amount of distributive shares that each civil taxing unit in

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1 a county is entitled to receive during a month equals the product of the
2 following:

3 (1) The amount of revenue that is to be distributed as distributive
4 shares during that month; multiplied by

5 (2) A fraction. The numerator of the fraction equals the total
6 property taxes that are first due and payable to the civil taxing
7 unit during the calendar year in which the month falls, plus, for a
8 county, an amount equal to the property taxes imposed by the
9 county in 1999 for the county's welfare fund and welfare
10 administration fund **and an amount equal to the property taxes**
11 **imposed by the county in 2001 for the county's family and**
12 **children's fund, county medical assistance to wards, county**
13 **hospital care for the indigent, and children with special health**
14 **care needs.** The denominator of the fraction equals the sum of the
15 total property taxes that are first due and payable to all civil taxing
16 units of the county during the calendar year in which the month
17 falls, plus an amount equal to the property taxes imposed by the
18 county in 1999 for the county's welfare fund and welfare
19 administration fund **and an amount equal to the property taxes**
20 **imposed by the county in 2001 for the county's family and**
21 **children's fund, county medical assistance to wards, county**
22 **hospital care for the indigent, and children with special health**
23 **care needs.**

24 (f) The state board of tax commissioners shall provide each county
25 auditor with the fractional amount of distributive shares that each civil
26 taxing unit in the auditor's county is entitled to receive monthly under
27 this section.

28 (g) Notwithstanding subsection (e), if a civil taxing unit of an
29 adopting county does not impose a property tax levy that is first due
30 and payable in a calendar year in which distributive shares are being
31 distributed under this section, that civil taxing unit is entitled to receive
32 a part of the revenue to be distributed as distributive shares under this
33 section within the county. The fractional amount such a civil taxing
34 unit is entitled to receive each month during that calendar year equals
35 the product of the following:

36 (1) The amount to be distributed as distributive shares during that
37 month; multiplied by

38 (2) A fraction. The numerator of the fraction equals the budget of
39 that civil taxing unit for that calendar year. The denominator of
40 the fraction equals the aggregate budgets of all civil taxing units
41 of that county for that calendar year.

42 (h) If for a calendar year a civil taxing unit is allocated a part of a

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1 county's distributive shares by subsection (g), then the formula used in
 2 subsection (e) to determine all other civil taxing units' distributive
 3 shares shall be changed each month for that same year by reducing the
 4 amount to be distributed as distributive shares under subsection (e) by
 5 the amount of distributive shares allocated under subsection (g) for that
 6 same month. The state board of tax commissioners shall make any
 7 adjustments required by this subsection and provide them to the
 8 appropriate county auditors.

9 ~~(f)~~ (i) Notwithstanding any other law, a county fiscal body may
 10 pledge revenues received under this chapter to the payment of bonds
 11 or lease rentals to finance a qualified economic development tax
 12 project under IC 36-7-27 in that county or in any other county if the
 13 county fiscal body determines that the project will promote significant
 14 opportunities for the gainful employment or retention of employment
 15 of the county's residents.

16 SECTION 36. IC 6-3.5-6-18.5, AS AMENDED BY P.L.273-1999,
 17 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JANUARY 1, 2002]: Sec. 18.5. (a) This section applies to a county
 19 containing a consolidated city.

20 (b) Notwithstanding section 18(e) of this chapter, the distributive
 21 shares that each civil taxing unit in a county containing a consolidated
 22 city is entitled to receive during a month equals the following:

23 (1) For the calendar year beginning January 1, 1995, calculate the
 24 total amount of revenues that are to be distributed as distributive
 25 shares during that month multiplied by the following factor:

26	Center Township	.0251
27	Decatur Township	.00217
28	Franklin Township	.0023
29	Lawrence Township	.01177
30	Perry Township	.01130
31	Pike Township	.01865
32	Warren Township	.01359
33	Washington Township	.01346
34	Wayne Township	.01307
35	Lawrence-City	.00858
36	Beech Grove	.00845
37	Southport	.00025
38	Speedway	.00722
39	Indianapolis/Marion County	.86409

40 (2) Notwithstanding subdivision (1), for the calendar year
 41 beginning January 1, 1995, the distributive shares for each civil
 42 taxing unit in a county containing a consolidated city shall be not

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- 1 less than the following:
- 2 Center Township \$1,898,145
- 3 Decatur Township \$164,103
- 4 Franklin Township \$173,934
- 5 Lawrence Township \$890,086
- 6 Perry Township \$854,544
- 7 Pike Township \$1,410,375
- 8 Warren Township \$1,027,721
- 9 Washington Township \$1,017,890
- 10 Wayne Township \$988,397
- 11 Lawrence-City \$648,848
- 12 Beech Grove \$639,017
- 13 Southport \$18,906
- 14 Speedway \$546,000
- 15 (3) For each year after 1995, calculate the total amount of
- 16 revenues that are to be distributed as distributive shares during
- 17 that month as follows:
- 18 STEP ONE: Determine the total amount of revenues that were
- 19 distributed as distributive shares during that month in calendar
- 20 year 1995.
- 21 STEP TWO: Determine the total amount of revenue that the
- 22 department has certified as distributive shares for that month
- 23 under section 17 of this chapter for the calendar year.
- 24 STEP THREE: Subtract the STEP ONE result from the STEP
- 25 TWO result.
- 26 STEP FOUR: If the STEP THREE result is less than or equal
- 27 to zero (0), multiply the STEP TWO result by the ratio
- 28 established under subdivision (1).
- 29 STEP FIVE: Determine the ratio of:
- 30 (A) the maximum permissible property tax levy under
- 31 IC 6-1.1-18.5 ~~and IC 6-1.1-18.6~~ for each civil taxing unit for
- 32 the calendar year in which the month falls, plus, for a
- 33 county, an amount equal to the property taxes imposed by
- 34 the county in 1999 for the county's welfare fund and welfare
- 35 administration fund **plus the property taxes imposed by**
- 36 **the county in 2001 for a county family and children's**
- 37 **fund, county medical assistance to wards, county hospital**
- 38 **care for the indigent, and children with special health**
- 39 **care needs;** divided by
- 40 (B) the sum of the maximum permissible property tax levies
- 41 under IC 6-1.1-18.5 ~~and IC 6-1.1-18.6~~ for all civil taxing
- 42 units of the county during the calendar year in which the

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month falls, and an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund **plus the property taxes imposed by the county in 2001 for a county family and children's fund, county medical assistance to wards, county hospital care for the indigent, and children with special health care needs.**

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 ~~and IC 6-1.1-18.6~~ for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund **plus the property taxes imposed by the county in 2001 for a county family and children's fund, county medical assistance to wards, county hospital care for the indigent, and children with special health care needs;** divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 ~~and IC 6-1.1-18.6~~ for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund **plus the property taxes imposed by the county in 2001 for a county family and children's fund, county medical assistance to wards, county hospital care for the indigent, and children with**

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1 **special health care needs.**

2 SECTION 37. IC 6-3.5-7-12, AS AMENDED BY P.L.124-1999,
3 SECTION 1, AND AS AMENDED BY P.L.273-1999, SECTION 74,
4 IS AMENDED AND IS CORRECTED TO READ AS FOLLOWS
5 [EFFECTIVE JANUARY 1, 2002]: Sec. 12. (a) Except as provided in
6 section 23 of this chapter, the county auditor shall distribute in the
7 manner specified in this section the certified distribution to the county.

8 (b) Except as provided in subsections (c) and (h) and section 15 of
9 this chapter, the amount of the certified distribution that the county and
10 each city or town in a county is entitled to receive during May and
11 November of each year equals the product of the following:

12 (1) The amount of the certified distribution for that month;
13 multiplied by

14 (2) A fraction. The numerator of the fraction equals the sum of the
15 following:

16 (A) Total property taxes that are first due and payable to the
17 county, city, or town during the calendar year in which the
18 month falls; plus

19 (B) For a county, an amount equal to the property taxes
20 imposed by the county in 1999 for the county's welfare fund
21 and welfare administration fund **and an amount equal to the**
22 **property taxes imposed by the county in 2001 for the**
23 **county's family and children's fund, county medical**
24 **assistance to wards, county hospital care for the indigent,**
25 **and children with special health care needs.**

26 The denominator of the fraction equals the sum of the total
27 property taxes that are first due and payable to the county and all
28 cities and towns of the county during the calendar year in which
29 the month falls, plus an amount equal to the property taxes
30 imposed by the county in 1999 for the county's welfare fund and
31 welfare administration fund **and an amount equal to the**
32 **property taxes imposed by the county in 2001 for the county's**
33 **family and children's fund, county medical assistance to**
34 **wards, county hospital care for the indigent, and children**
35 **with special health care needs.**

36 (c) This subsection applies to a county council or county income tax
37 council that imposes a tax under this chapter after June 1, 1992. The
38 body imposing the tax may adopt an ordinance before July 1 of a year
39 to provide for the distribution of certified distributions under this
40 subsection instead of a distribution under subsection (b). The following
41 apply if an ordinance is adopted under this subsection:

42 (1) The ordinance is effective January 1 of the following year.



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1 (2) The amount of the certified distribution that the county and
 2 each city and town in the county is entitled to receive during May
 3 and November of each year equals the product of:
 4 (A) the amount of the certified distribution for the month;
 5 multiplied by
 6 (B) a fraction. For a city or town, the numerator of the fraction
 7 equals the population of the city or the town. For a county, the
 8 numerator of the fraction equals the population of the part of
 9 the county that is not located in a city or town. The
 10 denominator of the fraction equals the sum of the population
 11 of all cities and towns located in the county and the population
 12 of the part of the county that is not located in a city or town.
 13 (3) The ordinance may be made irrevocable for the duration of
 14 specified lease rental or debt service payments.
 15 (d) The body imposing the tax may not adopt an ordinance under
 16 subsection (c) if, before the adoption of the proposed ordinance, any of
 17 the following have pledged the county economic development income
 18 tax for any purpose permitted by IC 5-1-14 or any other statute:
 19 (1) The county.
 20 (2) A city or town in the county.
 21 (3) A commission, a board, a department, or an authority that is
 22 authorized by statute to pledge the county economic development
 23 income tax.
 24 (e) The state board of tax commissioners shall provide each county
 25 auditor with the fractional amount of the certified distribution that the
 26 county and each city or town in the county is entitled to receive under
 27 this section.
 28 (f) Money received by a county, city, or town under this section
 29 shall be deposited in the unit's economic development income tax fund.
 30 (g) Except as provided in subsection (b)(2)(B), in determining the
 31 fractional amount of the certified distribution the county and its cities
 32 and towns are entitled to receive under subsection (b) during a calendar
 33 year, the state board of tax commissioners shall consider only property
 34 taxes imposed on tangible property subject to assessment in that
 35 county.
 36 (h) In a county having a consolidated city, only the consolidated city
 37 is entitled to the certified distribution, subject to the requirements of
 38 section 15 of this chapter.
 39 SECTION 38. IC 12-7-2-45 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 45. "County
 41 office" refers to a county office of family and children **within the**
 42 **division of family and children.**

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1 SECTION 39. IC 12-7-2-91, AS AMENDED BY P.L.273-1999,
 2 SECTION 60, AND AS AMENDED BY P.L.273-1999, SECTION
 3 164, IS AMENDED AND CORRECTED TO READ AS FOLLOWS
 4 [EFFECTIVE JANUARY 1, 2002]: Sec. 91. "Fund" means the
 5 following:

6 (1) For purposes of IC 12-12-1-9, the fund described in
 7 IC 12-12-1-9.

8 ~~(2) For purposes of IC 12-13-8, the meaning set forth in~~
 9 ~~IC 12-13-8-1.~~

10 ~~(3) (2)~~ For purposes of IC 12-15-20, the meaning set forth in
 11 IC 12-15-20-1.

12 ~~(4) (3)~~ For purposes of IC 12-17-12, the meaning set forth in
 13 IC 12-17-12-4.

14 ~~(5) (4)~~ For purposes of IC 12-17.6, the meaning set forth in
 15 IC 12-17.6-1-3.

16 (5) ~~(6)~~ For purposes of IC 12-18-4, the meaning set forth in
 17 IC 12-18-4-1.

18 (6) ~~(7)~~ For purposes of IC 12-18-5, the meaning set forth in
 19 IC 12-18-5-1.

20 ~~(7) (8)~~ For purposes of ~~IC 12-19-3, the meaning set forth in~~
 21 ~~IC 12-19-3-1.~~

22 ~~(8) (9)~~ For purposes of ~~IC 12-19-4, the meaning set forth in~~
 23 ~~IC 12-19-4-1.~~

24 ~~(9) (10)~~ (7) For purposes of IC 12-19-7, the meaning set forth in
 25 IC 12-19-7-2.

26 ~~(10) (11)~~ (8) For purposes of IC 12-23-2, the meaning set forth in
 27 IC 12-23-2-1.

28 ~~(11) (12)~~ (9) For purposes of IC 12-24-6, the meaning set forth in
 29 IC 12-24-6-1.

30 ~~(12) (13)~~ (10) For purposes of IC 12-24-14, the meaning set forth
 31 in IC 12-24-14-1.

32 ~~(13) (14)~~ (11) For purposes of IC 12-30-7, the meaning set forth
 33 in IC 12-30-7-3.

34 SECTION 40. IC 12-13-5-1, AS AMENDED BY P.L.273-1999,
 35 SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2002]: Sec. 1. The division shall administer or supervise
 37 the public welfare activities of the state. The division has the following
 38 powers and duties:

39 (1) The administration of old age assistance, aid to dependent
 40 children, and assistance to the needy blind and persons with
 41 disabilities, excluding assistance to children with special health
 42 care needs.



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- 1 (2) The administration of the following:
2 (A) Any public child welfare service.
3 (B) The licensing and inspection under IC 12-17.2 and
4 IC 12-17.4.
5 (C) The care of dependent and neglected children in foster
6 family homes or institutions, especially children placed for
7 adoption or those born out of wedlock.
8 (D) The interstate placement of children.
- 9 (3) The provision of services to county governments, including
10 the following:
11 (A) Organizing and supervising county offices for the effective
12 administration of public welfare functions.
13 (B) Compiling statistics and necessary information concerning
14 public welfare problems throughout Indiana.
15 (C) Researching and encouraging research into crime,
16 delinquency, physical and mental disability, and the cause of
17 dependency.
- 18 (4) Prescribing the form of, printing, and supplying to the county
19 departments blanks for applications, reports, affidavits, and other
20 forms the division considers necessary and advisable.
- 21 (5) Cooperating with the federal Social Security Administration
22 and with any other agency of the federal government in any
23 reasonable manner necessary and in conformity with IC 12-13
24 through IC 12-19 to qualify for federal aid for assistance to
25 persons who are entitled to assistance under the federal Social
26 Security Act. The responsibilities include the following:
27 (A) Making reports in the form and containing the information
28 that the federal Social Security Administration Board or any
29 other agency of the federal government requires.
30 (B) Complying with the requirements that a board or agency
31 finds necessary to assure the correctness and verification of
32 reports.
- 33 (6) Appointing from eligible lists established by the state
34 personnel board employees of the division necessary to effectively
35 carry out IC 12-13 through IC 12-19. The division may not
36 appoint a person who is not a citizen of the United States and who
37 has not been a resident of Indiana for at least one (1) year
38 immediately preceding the person's appointment unless a
39 qualified person cannot be found in Indiana for a position as a
40 result of holding an open competitive examination.
- 41 (7) Assisting the office of Medicaid policy and planning in fixing
42 fees to be paid to ophthalmologists and optometrists for the

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1 examination of applicants for and recipients of assistance as
2 needy blind persons.

3 (8) When requested, assisting other departments, agencies,
4 divisions, and institutions of the state and federal government in
5 performing services consistent with this article.

6 (9) Acting as the agent of the federal government for the
7 following:

8 (A) In welfare matters of mutual concern under IC 12-13
9 through IC 12-19.

10 (B) In the administration of federal money granted to Indiana
11 in aiding welfare functions of the state government.

12 (10) Administering additional public welfare functions vested in
13 the division by law and providing for the progressive codification
14 of the laws the division is required to administer.

15 (11) Supervising day care centers and child placing agencies.

16 (12) Supervising the licensing and inspection of all public child
17 caring agencies.

18 (13) Supervising the care of delinquent children and children in
19 need of services.

20 (14) Assisting juvenile courts as required by IC 31-30 through
21 IC 31-40.

22 (15) Supervising the care of dependent children and children
23 placed for adoption.

24 (16) Compiling information and statistics concerning the ethnicity
25 and gender of a program or service recipient.

26 (17) Providing permanency planning services for children in need
27 of services, including:

28 (A) making children legally available for adoption; and

29 (B) placing children in adoptive homes;

30 in a timely manner.

31 **(18) Operating each county office as an administrative unit**
32 **within the division.**

33 SECTION 41. IC 12-13-9-2 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. The division
35 shall ~~administer the state medical assistance to wards fund and shall~~
36 ~~use money in the fund to~~ defray the expenses and obligations incurred
37 by the division for medical assistance to wards and associated
38 administrative costs.

39 SECTION 42. IC 12-14-20-1 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1. (a) The
41 division may accept voluntary contributions from a person desiring to
42 contribute to the support of a parent or other person who receives

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1 public assistance.

2 (b) The division shall deposit contributions made under this section
3 in the state ~~welfare~~ **general fund or a trust fund, as appropriate.**

4 SECTION 43. IC 12-14-22-7 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 7. (a) A schedule
6 of payments made to or for the benefit of each recipient under this
7 article shall be filed by the ~~county office~~ **division** each month with the
8 ~~county auditor and the~~ prosecuting attorney.

9 (b) The schedule shall be kept open to the public at all times for
10 inspection, study, and securing data. The schedule must contain the
11 names and addresses, in alphabetical order, of all recipients of benefits.

12 SECTION 44. IC 12-15-15-9 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 9. (a) For each
14 state fiscal year beginning on or after July 1, 1997, a hospital is entitled
15 to a payment under this section.

16 (b) Total payments to hospitals under this section for a state fiscal
17 year shall be equal to all amounts transferred from the hospital care for
18 the indigent fund for Medicaid current obligations during the state
19 fiscal year, including amounts of the fund appropriated for Medicaid
20 current obligations.

21 (c) The payment due to a hospital under this section must be based
22 on a policy developed by the office. The policy:

23 (1) is not required to provide for equal payments to all hospitals;
24 ~~(2) must attempt, to the extent practicable as determined by the~~
25 ~~office, to establish a payment rate that minimizes the difference~~
26 ~~between the aggregate amount paid under this section to all~~
27 ~~hospitals in a county for a state fiscal year and the amount of the~~
28 ~~county's hospital care for the indigent property tax levy for that~~
29 ~~state fiscal year; and~~

30 ~~(3) (2) must provide that no hospital will receive a payment under~~
31 ~~this section less than the amount the hospital received under~~
32 ~~IC 12-15-15-8 section 8 of this chapter (repealed) for the state~~
33 ~~fiscal year ending June 30, 1997.~~

34 (d) Following the transfer of funds under subsection (b), an amount
35 equal to the amount determined in the following STEPS shall be
36 deposited in the Medicaid indigent care trust fund under
37 IC 12-15-20-2(1) and used to pay the state's share of the enhanced
38 disproportionate share payments to providers for the state fiscal year:

39 STEP ONE: Determine the difference between:

40 (A) the amount transferred from the state hospital care for the
41 indigent fund under subsection (b); and

42 (B) thirty-five million dollars (\$35,000,000).



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1 STEP TWO: Multiply the amount determined under STEP ONE
2 by the federal medical assistance percentage for the state fiscal
3 year.

4 SECTION 45. IC 12-16-7-2 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. ~~(a)~~ Except as
6 provided in section 5 of this chapter, claims for payment shall be
7 segregated by year using the patient's admission date.

8 ~~(b) Each year the division shall pay claims as provided in section 4~~
9 ~~of this chapter, without regard to the county of admission or that~~
10 ~~county's transfer to the state fund.~~

11 SECTION 46. IC 12-16-7-3 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. A payment
13 made to a hospital under the hospital care for the indigent program
14 must be on a warrant drawn on the state ~~hospital care for the indigent~~
15 ~~fund established by IC 12-16-14.~~ **general fund.**

16 SECTION 47. IC 12-16-7-4 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 4. (a) Each year
18 the division shall pay two-thirds (2/3) of each claim upon submission
19 and approval of the claim.

20 (b) If the amount of money in the state hospital care for the indigent
21 fund in a year is insufficient to pay two-thirds (2/3) of each approved
22 claim for patients admitted in that year, the state's ~~and a county's~~
23 liability to providers under the hospital care for the indigent program
24 for claims approved for patients admitted in that year is limited to the
25 sum of the following:

26 ~~(1) The amount transferred to the state hospital care for the~~
27 ~~indigent fund from county hospital care for the indigent funds in~~
28 ~~that year under IC 12-16-14.~~

29 ~~(2) (1)~~ Any contribution to the fund in that year.

30 ~~(3) (2)~~ Any amount that was appropriated to the state hospital
31 care for the indigent ~~fund~~ **program** for that year by the general
32 assembly.

33 ~~(4) Any amount that was carried over to the state hospital care for~~
34 ~~the indigent fund from a preceding year.~~

35 ~~(e) This section does not obligate the general assembly to~~
36 ~~appropriate money to the state hospital care for the indigent fund.~~

37 SECTION 48. IC 12-16-7-5 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 5. Before the end
39 of each state fiscal year, the division shall, to the extent there is money
40 ~~in~~ **appropriated to** the state hospital care for the indigent ~~fund~~;
41 **program**, pay each provider under the hospital care for the indigent
42 program a pro rata part of the one-third (1/3) balance on each approved



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1 claim for patients admitted during the preceding year.

2 SECTION 49. IC 12-17-1-12 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 12. (a) If
4 assistance is granted to a destitute child under this chapter, facts
5 supporting the award of assistance, as prescribed by the division, must
6 be entered on a certificate.

7 (b) The division shall prescribe the form for the certificate under
8 subsection (a). The certificate must bear the impress of the division's
9 seal.

10 (c) The county office shall prepare ~~four (4)~~ **three (3)** copies of the
11 certificate under subsection (a). The county office shall distribute
12 copies of the certificate as follows:

13 (1) One (1) copy must be retained by the office of the county
14 office.

15 (2) One (1) copy must be filed with and retained by the **central**
16 **office of the division**.

17 ~~(3) One (1) copy must be filed with and retained by the office of~~
18 ~~the county auditor:~~

19 ~~(4) (3)~~ One (1) copy must be given to the recipient.

20 SECTION 50. IC 12-17-3-2 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) This section
22 does not apply to a county department's:

23 (1) administrative expenses; or

24 (2) expenses regarding facilities, supplies, and equipment.

25 (b) Necessary expenses incurred in the administration of the child
26 welfare services under section 1 of this chapter shall be paid out of the
27 ~~county welfare fund or the county family and children's fund.~~
28 ~~(whichever is appropriate):~~

29 SECTION 51. IC 12-19-1-1 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1. A county office
31 of family and children is established in each county **as an office within**
32 **the division of family and children.**

33 SECTION 52. IC 12-19-1-9, AS AMENDED BY P.L.273-1999,
34 SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JANUARY 1, 2002]: Sec. 9. (a) The division shall provide the
36 necessary facilities to house the county office.

37 (b) The division shall pay for the costs of the facilities, supplies, and
38 equipment needed by each county office. ~~including the transfer to the~~
39 ~~county that is required by IC 12-13-5:~~

40 SECTION 53. IC 12-19-1-10 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 10. (a) ~~Subject to~~
42 ~~the rules adopted by the director of The division a county office shall~~



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- 1 administer the following **through a county office:**
- 2 (1) Assistance to dependent children in the homes of the
- 3 dependent children.
- 4 (2) Assistance and services to elderly persons.
- 5 (3) Assistance to persons with disabilities.
- 6 (4) Care and treatment of the following persons:
- 7 (A) Children in need of services.
- 8 (B) Dependent children.
- 9 (C) Children with disabilities.
- 10 (5) Licensing of foster family homes for the placement of children
- 11 in need of services.
- 12 (6) Supervision of the care and treatment of children in need of
- 13 services in foster family homes.
- 14 (7) Licensing of foster family homes for the placement of
- 15 delinquent children.
- 16 (8) Supervision of the care and treatment of delinquent children
- 17 in foster family homes.
- 18 (9) Provision of family preservation services.
- 19 (10) Any other welfare activities that are delegated to the county
- 20 office by the division under this chapter, including services
- 21 concerning assistance to the blind.

22 **(b) The division shall pay the expenses and obligations incurred**

23 **after December 31, 2001, to carry out responsibilities of the county**

24 **office.**

25 SECTION 54. IC 12-19-1-14, AS AMENDED BY P.L.273-1999,

26 SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

27 JANUARY 1, 2002]: Sec. 14. (a) A county office may charge the

28 following adoption fees:

- 29 (1) An adoption placement fee that may not exceed the actual
- 30 costs incurred by the county office for medical expenses of
- 31 children and mothers.
- 32 (2) A fee that does not exceed the time and travel costs incurred
- 33 by the county office for home study and investigation concerning
- 34 a contemplated adoption.

35 (b) Fees charged under this section shall be deposited in a separate

36 account in the county family and children trust clearance fund

37 established under section 16 of this chapter. Money deposited under

38 this subsection ~~shall be expended~~ **is annually appropriated for use** by

39 the county office for the following purposes: ~~without further~~

40 ~~appropriation:~~

- 41 (1) The care of children whose adoption is contemplated.
- 42 (2) The improvement of adoption services provided by the county



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1 departments.

2 (c) The director of the division may adopt rules governing the
3 expenditure of money under this section.

4 (d) The division may provide written authorization allowing a
5 county office to reduce or waive charges authorized under this section
6 in hardship cases or for other good cause after investigation. The
7 division may adopt forms on which the written authorization is
8 provided.

9 SECTION 55. IC 12-19-1-18, AS AMENDED BY P.L.273-1999,
10 SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2002]: Sec. 18. (a) After petition to and with the
12 approval of the judge of the circuit court, ~~a county office~~ **the division**
13 may take the actions described in subsection (b) if:

14 (1) an applicant for public assistance is physically or mentally
15 incapable of completing an application for assistance; or

16 (2) a recipient of public assistance:

17 (A) is incapable of managing the recipient's affairs; or

18 (B) refuses to:

19 (i) take care of the recipient's money properly; or

20 (ii) comply with the director of the division's rules and
21 policies.

22 (b) If the conditions of subsection (a) are satisfied, the ~~county office~~
23 **division** may designate a responsible person to do the following:

24 (1) Act for the applicant or recipient.

25 (2) Receive on behalf of the recipient the assistance the recipient
26 is eligible to receive under any of the following:

27 (A) This chapter.

28 (B) IC 12-10-6.

29 (C) IC 12-14-1 through IC 12-14-9.5.

30 (D) IC 12-14-13 through IC 12-14-19.

31 (E) IC 12-15.

32 (F) IC 12-17-1 through IC 12-17-3.

33 (G) IC 16-35-2.

34 (c) A fee for services provided under this section may be paid to the
35 responsible person in an amount not to exceed ten dollars (\$10) each
36 month. The fee may be allowed:

37 (1) in the monthly assistance award; or

38 (2) by vendor payment if the fee would cause the amount of
39 assistance to be increased beyond the maximum amount permitted
40 by statute.

41 SECTION 56. IC 12-19-1-21, AS ADDED BY P.L.273-1999,
42 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JANUARY 1, 2002]: Sec. 21. (a) Notwithstanding any other law, after
2 December 31, 1999, a county may not impose any of the following:

3 (1) A property tax levy for a county welfare fund.

4 (2) A property tax levy for a county welfare administration fund.

5 **(b) Notwithstanding any other law, after December 31, 2001, a**
6 **county may not impose a property tax levy for a county family and**
7 **children's fund, county medical assistance to wards, county**
8 **hospital care for the indigent, and children with special health care**
9 **needs.**

10 SECTION 57. IC 12-19-1-22, AS ADDED BY P.L.273-1999,
11 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JANUARY 1, 2002]: Sec. 22. (a) All bonds issued and loans made
13 under IC 12-1-11 (before its repeal) or this article:

14 (1) before January 1, 2000, that are payable from property taxes
15 imposed under IC 12-19-3 (before its repeal); or

16 (2) before January 1, 2002, that were payable from property
17 taxes imposed under IC 12-19-7-3 (before the elimination of
18 authority to impose a property tax levy under IC 12-19-7-3);

19 (†) are direct general obligations of the county issuing the bonds or
20 making the loans and (‡) are payable out of unlimited ad valorem taxes
21 that shall be levied and collected on all taxable property within the
22 county.

23 (b) Each official and body responsible for the levying of taxes for
24 the county must ensure that sufficient levies are made to meet the
25 principal and interest on the bonds and loans at the time fixed for the
26 payment of the principal and interest, without regard to any other
27 statute. If an official or a body fails or refuses to make or allow a
28 sufficient levy required by this section, the bonds and loans and the
29 interest on the bonds and loans shall be payable out of the county
30 general fund without appropriation.

31 SECTION 58. IC 12-19-1-23 IS ADDED TO THE INDIANA
32 CODE AS A NEW SECTION TO READ AS FOLLOWS
33 [EFFECTIVE JANUARY 1, 2002]: Sec. 23. **Notwithstanding any**
34 **other law, after December 31, 2001, the state shall fund one**
35 **hundred percent (100%) of the programs, services, and activities**
36 **paid from any of the following before January 1, 2002:**

37 (1) IC 12-13-8 (county medical assistance to wards fund).

38 (2) IC 12-16-14 (county hospital care for the indigent fund).

39 (3) IC 12-19-7 (county family and children's fund).

40 (4) IC 16-35-3 (children with special health care needs county
41 fund and tax levy).

42 SECTION 59. IC 12-19-1-24 IS ADDED TO THE INDIANA



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1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2002]: **Sec. 24. Notwithstanding any**
 3 **other law, the division of family and children shall reimburse each**
 4 **county for one hundred percent (100%) of the proportionate share**
 5 **of operating costs of the county auditor and county treasurer for**
 6 **the support of the county family and children's fund, based upon**
 7 **an approved indirect cost plan.**

8 SECTION 60. IC 12-19-1.5-6, AS ADDED BY P.L.273-1999,
 9 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2001]: Sec. 6. As used in this chapter, "replacement amount"
 11 means the sum of:

12 (1) the property taxes imposed on the assessed value of property
 13 in the allocation area in excess of the base assessed value in 1999
 14 for:

15 (†) (A) the county welfare fund; and

16 (‡) (B) the county welfare administration fund; and

17 (2) **the property taxes imposed on the assessed value of**
 18 **property in the allocation area in excess of the base assessed**
 19 **value in 2001 for the county family and children's fund,**
 20 **county medical assistance to wards, county hospital care for**
 21 **the indigent, and children with special health care needs.**

22 SECTION 61. IC 12-19-1.5-8, AS ADDED BY P.L.273-1999,
 23 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2001]: Sec. 8. (a) This chapter applies to an allocation area:

25 (1) in which:

26 (†) (A) the holders of obligations received a pledge before July
 27 1, 1999, of tax increment revenues to repay any part of the
 28 obligations due after December 31, 1999; and

29 (‡) (B) the elimination of a county welfare fund property tax
 30 levy or a county welfare administration fund property tax levy
 31 adversely affects the ability of the governing body to repay the
 32 obligations described in ~~subdivision (†):~~ **clause (A); or**

33 (2) in which:

34 (A) **the holders of obligations received a pledge before July**
 35 **1, 2001, of tax increment revenues to repay any part of the**
 36 **obligations due after December 31, 2001; and**

37 (B) **the elimination of a county family and children's fund**
 38 **property tax levy, the county medical assistance to wards**
 39 **tax levy, the county hospital care for the indigent tax levy,**
 40 **and the children with special health care needs tax levy**
 41 **adversely affects the ability of the governing body to repay**
 42 **the obligations described in clause (A).**



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

5 SECTION 62. IC 12-19-1.5-9, AS ADDED BY P.L.273-1999,
 6 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2002]: Sec. 9. (a) A governing body may, after a public
 8 hearing, impose a special assessment on the owners of property that is
 9 located in an allocation area to repay:

10 (1) a bond or an obligation described in ~~section 8~~ **section 8(a)(1)**
 11 of this chapter that comes due after December 31, 1999; or

12 (2) **a bond or an obligation described in section 8(a)(2) of this**
 13 **chapter that comes due after December 31, 2001.**

14 The amount of a special assessment for a taxpayer shall be determined
 15 by multiplying the replacement amount by a fraction, the denominator
 16 of which is the total incremental assessed value in the allocation area,
 17 and the numerator of which is the incremental assessed value of the
 18 taxpayer's property in the allocation area.

19 (b) Before a public hearing under subsection (a) may be held, the
 20 governing body must publish notice of the hearing under IC 5-3-1. The
 21 notice must state that the governing body will meet to consider whether
 22 a special assessment should be imposed under this chapter and whether
 23 the special assessment will help the governing body realize the
 24 redevelopment or economic development objectives for the allocation
 25 area or honor its obligations related to the allocation area. The notice
 26 must also name a date when the governing body will receive and hear
 27 remonstrances and objections from persons affected by the special
 28 assessment. All persons affected by the hearing, including all taxpayers
 29 within the allocation area, shall be considered notified of the pendency
 30 of the hearing and of subsequent acts, hearings, and orders of the
 31 governing body by the notice. At the hearing, which may be adjourned
 32 from time to time, the governing body shall hear all persons affected by
 33 the proceedings and shall consider all written remonstrances and
 34 objections that have been filed. The only grounds for remonstrance or
 35 objection are that the special assessment will not help the governing
 36 body realize the redevelopment or economic development objectives
 37 for the allocation area or honor its obligations related to the allocation
 38 area. After considering the evidence presented, the governing body
 39 shall take final action concerning the proposed special assessment. The
 40 final action taken by the governing body shall be recorded and is final
 41 and conclusive, except that an appeal may be taken in the manner
 42 prescribed by subsection (c).



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1 (c) A person who filed a written remonstrance with a governing
 2 body under subsection (b) and is aggrieved by the final action taken
 3 may, within ten (10) days after that final action, file in the office of the
 4 clerk of the circuit or superior court a copy of the order of the
 5 governing body and the person's remonstrance or objection against that
 6 final action, together with a bond conditioned to pay the costs of appeal
 7 if the appeal is determined against the person. The only ground of
 8 remonstrance or objection that the court may hear is whether the
 9 proposed assessment will help achieve the redevelopment of economic
 10 development objectives for the allocation area or honor its obligations
 11 related to the allocation area. An appeal under this subsection shall be
 12 promptly heard by the court without a jury. All remonstrances or
 13 objections upon which an appeal has been taken must be consolidated,
 14 heard, and determined within thirty (30) days after the time of the filing
 15 of the appeal. The court shall hear evidence on the remonstrances or
 16 objections, and may confirm the final action of the governing body or
 17 sustain the remonstrances or objections. The judgment of the court is
 18 final and conclusive, unless an appeal is taken as in other civil actions.

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

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

23 SECTION 63. IC 12-19-7-3 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) A family
 25 and children's fund is established in each county. ~~The fund shall be~~
 26 ~~raised by a separate tax levy (the county family and children property~~
 27 ~~tax levy) that:~~

28 ~~(1) is in addition to all other tax levies authorized; and~~

29 ~~(2) shall be levied annually by the county fiscal body on all~~
 30 ~~taxable property in the county in the amount necessary to raise the~~
 31 ~~part of the fund that the county must raise to pay the items;~~
 32 ~~awards; claims; allowances; assistance; and other expenses set~~
 33 ~~forth in the annual budget under section 6 of this chapter.~~

34 ~~(b) The tax imposed under this section shall be collected as other~~
 35 ~~state and county ad valorem taxes are collected. **Notwithstanding any**~~
 36 ~~**other law, after December 31, 2001, a county may not impose a**~~
 37 ~~**property tax levy for the family and children's fund.**~~

38 (c) The following shall be paid into the county treasury and
 39 constitute the family and children's fund:

40 ~~(1) All receipts from the tax imposed under this section.~~

41 ~~(2) (1) All grants-in-aid; **money allocated by the division to the**~~
 42 ~~**county** whether received from the federal government or state~~



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1 government.

2 ~~(3)~~ **(2)** Any other money required by law to be placed in the fund.

3 (d) The fund is available for the purpose of paying expenses and
4 obligations set forth in the annual budget that is submitted and
5 approved.

6 SECTION 64. IC 12-19-7-6 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 6. (a) **The judges
8 of the courts with juvenile jurisdiction in the county shall annually
9 compile and submit a proposed budget for children served by the
10 probation department of the county. The judges shall submit the
11 proposed budget to the county director on forms prescribed by the
12 division, not later than March 1 of each year, for the next state
13 fiscal year.**

14 **(b) The budget for children served by the probation department
15 shall contain an estimate of the amount of money that will be
16 needed by the county office during the state fiscal year to defray
17 the expenses and obligations of the fund in the payment of:**

18 **(1) services for children adjudicated to be delinquent or
19 children for whom a program of informal adjustment has
20 been implemented under IC 31-37; and**

21 **(2) other services related to the services described in
22 subdivision (1);**

23 **but not including the payment of Title IV-A assistance.**

24 **(c) The county director upon the advice of the judges of the courts
25 with juvenile jurisdiction in the county, shall annually compile and
26 adopt a child services budget, which must include the budget
27 submitted by the judges under subsection (a). The budget
28 submitted by the county director under this subsection must be in
29 a form prescribed by the state board of accounts. The budget may not
30 exceed the levy limitation set forth in ~~IC 6-1.1-18.6.~~ **division.****

31 ~~(b)~~ **(d) The child services budget must contain an estimate of the
32 amount of money that will be needed by the county office during the
33 next state fiscal year to defray the expenses and obligations incurred
34 by the county office in the payment of services for children adjudicated
35 to be children in need of services or delinquent children and other
36 related services, including amounts necessary to implement the
37 county's early intervention plan approved under IC 31-34-24 and
38 IC 31-37-24, but not including the payment of ~~AFDC.~~ **Title IV-A
39 assistance.****

40 SECTION 65. IC 12-19-7-7 IS AMENDED TO READ AS
41 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 7. ~~(a) The county
42 director shall, with the assistance of the judges of courts with juvenile~~



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1 jurisdiction in the county and at the same time the budget is compiled
 2 and adopted; recommend to the division the tax levy that the director
 3 and judges determine will be required to raise the amount of revenue
 4 necessary to pay the expenses and obligations of the county office set
 5 forth in the budget under section 6 of this chapter. However, the tax
 6 levy may not exceed the maximum permissible levy set forth in
 7 IC 6-1.1-18.6 and the budget may not exceed the levy limitation set
 8 forth in IC 6-1.1-18.

9 (b) After the county budget has been compiled, the county director
 10 shall submit a copy of the budget and the tax levy recommended by the
 11 county director; and the judges of courts with juvenile jurisdiction in
 12 the county; to the division **not later than April 1**. The division shall
 13 examine the budget and the tax levy for the purpose of determining
 14 whether, in the judgment of the division,

15 (1) the appropriations requested in the budget will be adequate to
 16 defray the expenses and obligations **that will be** incurred by the
 17 county office in the payment of child services for the next fiscal
 18 year. and

19 (2) the tax levy recommended will yield the amount of the
 20 appropriation set forth in the budget.

21 **The budget submitted under this section is not subject to the**
 22 **provisions of IC 6-1.1-17 and IC 6-1.1-18.**

23 SECTION 66. IC 12-19-7-8 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 8. (a) The
 25 division may do **any of** the following after examining a budget
 26 submitted by the county ~~office:~~ **director:**

27 (1) Increase or decrease the amount of the budget or an item of
 28 the budget. ~~subject to the maximum levy set forth in~~
 29 ~~IC 6-1.1-18.6.~~

30 (2) Approve the budget as compiled by the county director. and
 31 judges of courts with juvenile jurisdiction in the county.

32 (3) Recommend the increase or decrease of the tax levy; subject
 33 to the maximum levy set forth in IC 6-1.1-18.6.

34 (4) Approve the tax levy as recommended by the county director
 35 and judges of courts with juvenile jurisdiction in the county.

36 (b) **The total amount of all approved child services budgets may**
 37 **not exceed the total amount appropriated for child services for the**
 38 **applicable state fiscal year.**

39 SECTION 67. IC 12-19-7-11 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 11. ~~In September~~
 41 ~~of each year; at the time provided by law;~~ (a) The county fiscal body
 42 shall ~~do the following:~~

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1 (+) make the appropriations out of the family and children's fund
2 that are:

3 (A) (1) based on the budget as ~~submitted~~; **approved by the**
4 **division**; and

5 (B) (2) necessary to maintain the child services of the county
6 for the next **state** fiscal year. ~~subject to the maximum levy set~~
7 ~~forth in IC 6-1.1-18.6.~~

8 (2) Levy a tax in an amount necessary to produce the appropriated
9 money.

10 (b) **The division shall make advances to the county family and**
11 **children's fund to ensure that the amounts deposited in the county**
12 **family and children's fund are adequate to meet the expenses that**
13 **are to be paid from the fund. Amounts necessary to make the**
14 **advances under this subsection are appropriated from the state**
15 **general fund.**

16 (c) **The provisions of IC 6-1.1-18 concerning appropriations do**
17 **not apply to appropriations of money from a county family and**
18 **children's fund.**

19 (d) **Notwithstanding IC 36, a county is not required to publish**
20 **notice of any claim or allowance that will be paid from the county**
21 **family and children's fund.**

22 SECTION 68. IC 12-19-7-11.1 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 11.1. (a) The
24 judges of the courts with juvenile jurisdiction in the county and the
25 county director shall meet with the ~~county fiscal body~~ **community's**
26 **child protection team established under IC 31-33-3** at a public
27 meeting

28 (+) ~~in April~~; and

29 (2) ~~after June 30 and before October 1~~;
30 **in before April 1 of each year.**

31 (b) At a meeting required in subsection (a), the county director **and**
32 **judges with juvenile jurisdiction** shall present to the ~~county fiscal~~
33 ~~body and the judges~~ the following **reports: information:**

34 (1) Expenditures made

35 (A) during the ~~immediately preceding calendar quarter~~
36 **current state fiscal year** from the family and children's fund
37 in comparison to ~~one-fourth (1/4)~~ of the budget and
38 appropriations approved by the ~~county fiscal body~~ **division** for
39 the calendar year. and

40 (B) from the fund in the corresponding calendar quarter of
41 each of the two (2) preceding calendar years.

42 (2) Obligations incurred ~~through the end of the immediately~~



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1 preceding calendar quarter during the current state fiscal year
 2 that will be payable from the family and children's fund during the
 3 remainder of the calendar current state fiscal year. ~~or in any~~
 4 ~~subsequent calendar year.~~

5 (3) The number of children, by category, for whom the family and
 6 children's fund was required to provide funds for services during
 7 the immediately preceding calendar quarter; **current state fiscal**
 8 **year**, in comparison to the corresponding calendar quarter of each
 9 of the two (2) preceding calendar years **preceding the current**
 10 **state fiscal year.**

11 (4) The number and type of out-of-home placements, by category,
 12 for which the family and children's fund was required to provide
 13 funds for foster home care or institutional placement, and the
 14 average daily, weekly or monthly cost of out of home placement
 15 care and services by category, during the immediately preceding
 16 calendar quarter; **current state fiscal year**, in comparison to the
 17 corresponding calendar quarter of each of the two (2) preceding
 18 calendar years **preceding the current state fiscal year.**

19 (5) The number of children, by category, for whom the family and
 20 children's fund was required to provide funds for services for
 21 children residing with the child's parent, guardian or custodian
 22 (other than foster home or institutional placement), and the
 23 average monthly cost of those services, during the immediately
 24 preceding calendar quarter; **current state fiscal year**, in
 25 comparison to the corresponding calendar quarter for each of the
 26 two (2) preceding calendar years **preceding the current state**
 27 **fiscal year.**

28 (c) In preparing the reports information described in subsection (b),
 29 the county director **and judges** may use the best information data
 30 reasonably available from the records of the courts, the county office,
 31 and the county family and children's fund for calendar years before
 32 ~~1998: division.~~

33 (d) At each the meeting described in subsection (a), the county
 34 ~~fiscal body~~, judges and county director may

35 (1) discuss and suggest procedures to provide child welfare
 36 services in the most effective and cost-efficient manner. ~~and~~

37 (2) consider actions needed; including revision of budgeting
 38 procedures; to eliminate or minimize any anticipated need for
 39 short term borrowing for the family and children's fund under any
 40 provisions of this chapter or IC 12-19-5.

41 SECTION 69. IC 12-19-7-15 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 15. (a) If at any

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1 time the county director determines that the family and children's fund
 2 is exhausted or will be exhausted before the close of a **state** fiscal year,
 3 the county director shall prepare an estimate and statement showing the
 4 amount of money, in addition to the money already made available, that
 5 will be necessary to defray the expenses of the county office and pay
 6 the obligations of the county office, excluding administrative expenses
 7 and facilities, supplies, and equipment expenses for the county office,
 8 in the administration of the county office's activities for the unexpired
 9 part of the **state** fiscal year.

10 (b) The county director shall do the following:

11 (1) Certify the estimate and statement to the ~~county executive:~~
 12 **director.**

13 (2) File ~~the estimate and a~~ statement with the ~~county auditor:~~
 14 **director concerning the:**

15 (A) **reasons the family and children's fund is exhausted or**
 16 **will be exhausted; and**

17 (B) **actions taken by the county office to avoid the**
 18 **exhaustion of the fund.**

19 SECTION 70. IC 12-19-7-21.5 IS ADDED TO THE INDIANA
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS
 21 [EFFECTIVE JANUARY 1, 2002]: **Sec. 21.5. Notwithstanding any**
 22 **other law, the state shall fund one hundred percent (100%) of the**
 23 **programs, services, and activities paid from county family and**
 24 **children's fund property tax levies before January 1, 2002.**

25 SECTION 71. IC 16-33-3-10 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 10. Whenever the
 27 circuit court having jurisdiction finds, upon application by the county
 28 office of family and children, that the parent or guardian of a client
 29 placed in the center is unable to meet the costs that the parent or
 30 guardian is required to pay for the services of the center, the court shall
 31 order payment of the costs ~~from the county general fund:~~ **by the**
 32 **division of family and children.**

33 SECTION 72. IC 16-33-4-17 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 17. (a) Each child,
 35 the estate of the child, the parent or parents of the child, or the guardian
 36 of the child, individually or collectively, are liable for the payment of
 37 the costs of maintenance of the child of up to one hundred percent
 38 (100%) of the per capita cost, except as otherwise provided. The cost
 39 shall be computed annually by dividing the total annual cost of
 40 operation for the fiscal year, exclusive of the cost of education
 41 programs, construction, and equipment, by the total child days each
 42 year. The maintenance cost shall be referred to as maintenance charges.



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- 1 The charge may not be levied against any of the following:
- 2 (1) The division of family and children or ~~the county office of~~
3 ~~family and children to be derived from~~ county tax sources.
- 4 (2) A child orphaned by reason of the death of the natural parents.
- 5 (b) The billing and collection of the maintenance charges as
6 provided for in subsection (a) shall be made by the superintendent of
7 the home based on the per capita cost for the preceding fiscal year. All
8 money collected shall be deposited in a fund to be known as the
9 Indiana soldiers' and sailors' children's home maintenance fund. The
10 fund shall be used by the state health commissioner for the:
- 11 (1) preventative maintenance; and
12 (2) repair and rehabilitation;
13 of buildings of the home that are used for housing, food service, or
14 education of the children of the home.
- 15 (c) The superintendent of the home may, with the approval of the
16 state health commissioner, agree to accept payment at a lesser rate than
17 that prescribed in subsection (a). The superintendent of the home shall,
18 in determining whether or not to accept the lesser amount, take into
19 consideration the amount of money that is necessary to maintain or
20 support any member of the family of the child. All agreements to
21 accept a lesser amount are subject to cancellation or modification at
22 any time by the superintendent of the home with the approval of the
23 state health commissioner.
- 24 (d) A person who has been issued a statement of amounts due as
25 maintenance charges may petition the superintendent of the home for
26 a release from or modification of the statement and the superintendent
27 shall provide for hearings to be held on the petition. The superintendent
28 of the home may, with the approval of the state health commissioner
29 and after the hearing, cancel or modify the former statement and at any
30 time for due cause may increase the amounts due for maintenance
31 charges to an amount not to exceed the maximum cost as determined
32 under subsection (a).
- 33 (e) The superintendent of the home may arrange for the
34 establishment of a graduation or discharge trust account for a child by
35 arranging to accept a lesser rate of maintenance charge. The trust fund
36 must be of sufficient size to provide for immediate expenses upon
37 graduation or discharge.
- 38 (f) The superintendent may make agreements with instrumentalities
39 of the federal government for application of any monetary awards to be
40 applied toward the maintenance charges in a manner that provides a
41 sufficient amount of the periodic award to be deposited in the child's
42 trust account to meet the immediate personal needs of the child and to

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1 provide a suitable graduation or discharge allowance. The amount
 2 applied toward the settlement of maintenance charges may not exceed
 3 the amount specified in subsection (a).

4 (g) The superintendent of the home may do the following:

5 (1) Investigate, either with the superintendent's own staff or on a
 6 contractual or other basis, the financial condition of each person
 7 liable under this chapter.

8 (2) Make determinations of the ability of:

9 (A) the estate of the child;

10 (B) the legal guardian of the child; or

11 (C) each of the responsible parents of the child;

12 to pay maintenance charges.

13 (3) Set a standard as a basis of judgment of ability to pay that
 14 shall be recomputed periodically to do the following:

15 (A) Reflect changes in the cost of living and other pertinent
 16 factors.

17 (B) Provide for unusual and exceptional circumstances in the
 18 application of the standard.

19 (4) Issue to any person liable under this chapter statements of
 20 amounts due as maintenance charges, requiring the person to pay
 21 monthly, quarterly, or otherwise as may be arranged, an amount
 22 not exceeding the maximum cost as determined under this
 23 chapter.

24 SECTION 73. IC 20-1-1.3-8 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) A public school
 26 that receives a monetary award under this chapter may expend that
 27 award for any educational purpose for that school, except:

28 (1) athletics;

29 (2) salaries for school personnel; or

30 (3) salary bonuses for school personnel.

31 (b) A monetary award may not be used, **before January 1, 2006**, to
 32 determine:

33 (1) the maximum permissible general fund ad valorem property
 34 tax levy under IC 6-1.1-19-1.5 (**repealed January 1, 2006**); or

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

36 of the school corporation of which the school receiving the monetary
 37 award is a part.

38 SECTION 74. IC 20-1-6-1 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
 40 chapter, the following terms have the following meanings:

41 (1) "Child with a disability" means any child who is at least three

42 (3) years of age but less than twenty-two (22) years of age and

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- 1 who because of physical or mental disability is incapable of being
 2 educated properly and efficiently through normal classroom
 3 instruction, but who with the advantage of a special educational
 4 program may be expected to benefit from instruction in
 5 surroundings designed to further the educational, social, or
 6 economic status of the child. Public schools may operate special
 7 education programs for hearing impaired children as young as six
 8 (6) months of age on an experimental basis upon the approval of
 9 the superintendent of public instruction and the Indiana state
 10 board of education.
- 11 (2) "Division" means the division of special education within the
 12 department of education.
- 13 (3) "Director" means the director of the division of special
 14 education.
- 15 (4) "School corporation" ~~means any corporation authorized by law~~
 16 ~~to establish public schools and levy taxes for the maintenance of~~
 17 ~~the schools. **has the meaning set forth in IC 36-1-2-17.**~~
- 18 (5) "Individualized education program" means a written statement
 19 developed by a group that includes:
- 20 (A) a representative of the school corporation or public agency
 - 21 responsible for educating the child;
 - 22 (B) the child's teacher;
 - 23 (C) the child's parent, guardian, or custodian;
 - 24 (D) if appropriate, the child; and
 - 25 (E) if the provision of services for a seriously emotionally
 - 26 disabled child is considered, a mental health professional
 - 27 provided by the community mental health center (as described
 - 28 under IC 12-29) or a managed care provider (as defined in
 - 29 IC 12-7-2-127(b)) and serving the community in which the
 - 30 child resides;
- 31 and that describes the special education to be provided to the
 32 child.
- 33 (6) "Preschool child with a disability" refers to a disabled child
 34 who is at least three (3) years of age by September 1 of the
 35 1989-90 school year, August 1 of the 1990-91 school year, July
 36 1 of the 1991-92 school year, or June 1 of the 1992-93 school year
 37 and every subsequent school year.
- 38 (7) "Special education" means instruction specially designed to
 39 meet the unique needs of a child with a disability. It includes
 40 transportation, developmental, corrective, and other support
 41 services and training only when required to assist a child with a
 42 disability to benefit from the instruction itself.

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(8) "School year" has the meaning set forth in IC 20-10.1-2-1.
SECTION 75. IC 20-2-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) The township trustees of each and every township of each county shall perform all the civil functions performed before March 13, 1947, by such township trustees and together with other township trustees of the county shall constitute a county board of education for the purpose of managing the affairs of the county school corporation hereby created in each such county. School cities and school towns shall retain independent organization and administration unless abandoned as provided by law, and the county school corporation, also referred to in this chapter as the county, shall include all areas not organized on March 13, 1947, under the laws of this state into jurisdictions controlled and governed as school cities or school towns. Said county board of education may be referred to interchangeably as the county board of school trustees and as the board. Said board shall meet at such time as the board shall designate at the office of the county superintendent of schools and at such other times and places as the county superintendent of schools may deem necessary. At the first meeting of each year, to be held on the first Wednesday after the first Monday in January, the board shall organize by selecting a president, a vice president, a secretary, and a treasurer from its membership. Provided, however, that no later than April 12, 1947, it shall be the duty of the county superintendent of schools to call said board into special session and unless the county board of education shall elect to have the provisions of this section remain inoperative, under provisions that may be included within this section, said board shall so organize itself, except that the failure of the county superintendent of schools to call the county board of education into session within the prescribed limits of this section shall not be construed to mean that a county school corporation as described in this section shall be brought into existence in such county, and no such county school corporation shall be brought into existence until the board has met in special session subsequent to March 13, 1947, and has taken action to organize itself into a county school corporation, after consideration of the question whether it should elect to have the provisions of this section remain inoperative under provisions that may be included within this section. Such organization when and if effected shall be filed with the county auditor and shall be published by said auditor in two (2) newspapers of different political persuasions of general circulation throughout the county within ten (10) days after such filing, and such organization shall be deemed to fulfill all the requirements of this section for the transacting of public business under

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1 this section. The secretary of the board shall keep an accurate record of
 2 the minutes of the board, which minutes shall be kept at the county
 3 superintendent's office. The county superintendent shall act as
 4 administrator of the board and shall carry out such acts and duties as
 5 shall be designated by the board. A quorum shall consist of two-thirds
 6 (2/3) of the members of the board.

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

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

20 (d) The government of the common schools of the county shall be
 21 vested in the board, and the board shall function with all the authority,
 22 powers, privileges, duties, and obligations granted to or required of
 23 school cities before March 13, 1947, and school towns and their
 24 governing boards generally under the laws pertaining thereto with
 25 reference to the purchase of supplies, purchase and sale of buildings,
 26 grounds, and equipment, the erection of buildings, the employment and
 27 dismissal of school personnel, the right and power to sue and be sued
 28 in the name of the county, the insuring of property and employees, ~~the~~
 29 ~~levying and collecting of taxes~~; the making and executing of a budget,
 30 the borrowing of money, the paying of the salaries and expenses of the
 31 county superintendent and employees as approved by the board and to
 32 any act necessary to the proper administration of the common schools
 33 of the county.

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

39 (f) The treasurer, before entering upon the duties of his office, shall
 40 execute a bond to the acceptance of the county auditor in an amount
 41 equal to the largest sum of money that will be in the possession of the
 42 treasurer at any one (1) time conditioned as an ordinary official bond,



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1 with a reliable surety company or at least two (2) sufficient freehold
2 sureties, who shall not be members of such board, as surety or sureties
3 on such bond. The president and secretary shall each give bond, with
4 like surety or sureties, to be approved by the county auditor, in the sum
5 of one-fourth (1/4) of said amount. Provided, that such boards of school
6 trustees may purchase said bonds from some reliable surety company
7 and pay for them out of the special school revenue of their respective
8 counties.

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

14 (h) **This subsection applies only to property tax levies first due**
15 **and payable before January 1, 2006.** Every such board shall have, as
16 respects the levy of taxes by it, power annually to levy such amount of
17 taxes as in the judgment of such board, made matter of record in its
18 minutes, should be levied to produce income sufficient to conduct and
19 carry on the common schools committed to such board, and it is hereby
20 made the duty of such board annually to levy a sum sufficient to meet
21 all payments of principal and interest as they will mature in the year for
22 which such levy is made on the bonds, notes, or other obligations of
23 such board.

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

27 SECTION 76. IC 20-2-9-2 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. Said school trustees
29 shall maintain in each school corporation a term of school at least six
30 (6) months in duration and **before January 1, 2006**, shall authorize a
31 local tuition levy sufficient to conduct a six (6) months term of school
32 each year based on estimates and receipts from all sources for the
33 previous year, which may include that received from the state's tuition
34 revenue. ~~Provided, Such~~ **However, the** levy shall not exceed the limit
35 ~~now~~ provided by law.

36 SECTION 77. IC 20-3-11-20 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. (a) Each such board
38 of school commissioners may from time to time, whenever its general
39 fund shall be exhausted or in the board's judgment be in danger of
40 exhaustion, make temporary loans for the use of its general fund to be
41 paid out of the ~~proceeds of taxes theretofore levied by such school city~~
42 **for its money to be deposited in the** general fund. The amount so

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1 borrowed in aid of said general fund shall be paid into said general
 2 fund and may be used for any purpose for which the said general fund
 3 lawfully may be used. Any such temporary loan shall be evidenced by
 4 the promissory note or notes of said school city, shall bear interest at
 5 not more than seven percent (7%) per annum, interest payable at the
 6 maturity of the note or periodically, as the note may express, and shall
 7 mature at such time or times as the board of school commissioners may
 8 decide, but not later than one (1) year from the date of the note. No
 9 such loan or loans made in any one (1) calendar year shall be for a sum
 10 greater than the amount estimated by said board as the ~~proceeds money~~
 11 to be received by it from the levy of taxes theretofore made by said
 12 school city in behalf of its said ~~deposited in the~~ general fund ~~before~~
 13 ~~the due date of the note.~~ Successive loans may be made in aid of said
 14 general fund in any calendar year, but the aggregate amount thereof,
 15 outstanding at any one (1) time, shall not exceed such estimated
 16 ~~proceeds of taxes levied in behalf of the said general fund.~~ **amounts to**
 17 **be deposited in the general fund during the terms of the notes.**

18 (b) No such loan shall be made until notice asking for bids therefor
 19 shall have been given by newspaper publication, which publication
 20 shall be made one (1) time in a newspaper published in said city and
 21 said publication shall be at least seven (7) days before the time when
 22 bids for such loans will be opened. Bidders shall name the amount of
 23 interest they agree to accept not exceeding seven percent (7%) per
 24 annum, and the loan shall be made to the bidder or bidders bidding the
 25 lowest rate of interest. The note or notes or warrants shall not be
 26 delivered until the full price of the face thereof shall be paid to the
 27 treasurer of said school city, and no interest shall accrue thereon before
 28 such delivery.

29 (c) Any such school corporation wishing to make a temporary loan
 30 in aid of its general fund, finding that it has need to exercise the power
 31 in this section above given to make a temporary loan, which has in its
 32 treasury money derived from the sale of bonds, which money derived
 33 from the sale of bonds cannot or will not, in the due course of the
 34 business of said school city, be expended in the then near future, may,
 35 if it so elects, temporarily borrow, and without payment of interest,
 36 from such bond fund, for the use and aid of said general fund in the
 37 manner and to the extent hereinafter expressed, viz.: Such school city
 38 shall, by its board of school commissioners, take all the steps required
 39 by law to effect such temporary loan up to the point of advertising for
 40 bids or offers for such loans; it shall then present to the state board of
 41 tax commissioners of the state of Indiana, and to the state board of
 42 accounts of the state of Indiana, a copy of the corporate action of said



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1 school city concerning its desire to make such temporary loan and a
 2 petition showing the particular need for such temporary loan, and the
 3 amount and the date or dates when said general fund will need such
 4 temporary loan, or ~~instalments~~ **installments** of such loan, and the date
 5 at which such loan, and each ~~instalment~~ **installment** thereof, will be
 6 needed, and the estimated amounts ~~from taxes~~ to come into said
 7 general fund, and the dates when it is expected ~~such proceeds of taxes~~
 8 **that the amounts** will be received by such school city in behalf of said
 9 general fund, and showing what amount of money said school city has
 10 in any fund derived from the proceeds of the sale of bonds, which
 11 cannot or will not be expended in the then near future, and showing
 12 when and to what extent and why money in such bond fund, not soon
 13 to be expended, will not be expended in the then near future and
 14 requesting that said state board of tax commissioners, and said state
 15 board of accounts, respectively, authorize a temporary loan from said
 16 bond fund in aid of said general fund.

17 (d) If said state board of tax commissioners shall find and order that
 18 there is need for such temporary loan, and that it should be made, and
 19 said state board of accounts shall find that the money proposed to be
 20 borrowed will not be needed during the period of the temporary loan by
 21 the fund from which it is to be borrowed, and said two (2) state boards
 22 shall approve the loan, the business manager and treasurer of said
 23 school city shall, upon such approval by said two (2) state boards, take
 24 all steps necessary to transfer the amount of such loans, as a temporary
 25 loan from the fund to be borrowed from, to said general fund of such
 26 school city. The loan so effected shall, for all purposes, be a debt of the
 27 school city chargeable against its constitutional debt limit.

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

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

42 (g) Said two (2) state boards, or either of them, may, if it shall seem



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1 to said boards, or to either of them, that the fund from which the loan
 2 was made requires the repayment of all or of part of such loan(s) before
 3 its maturity or said general fund no longer requires all or some part of
 4 the proceeds of such loan, require such school city to repay all or any
 5 part of such loan, and, if necessary to perform the requirement, such
 6 school city shall exercise its power of making a temporary loan
 7 procured from others to raise the money so needed to repay the lending
 8 bond fund the amount so ordered repaid.

9 SECTION 78. IC 20-3.1-15-1 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. To provide the board
 11 with the necessary flexibility and resources to carry out this article, the
 12 following apply:

13 (1) The board may eliminate or modify existing policies and
 14 create new policies, and alter policies from time to time, subject
 15 to this article and the plan developed under IC 20-3.1-7.

16 (2) IC 20-7.5 does not apply to matters set forth in this article.
 17 The matters set forth in this article may not be the subject of
 18 collective bargaining or discussion under IC 20-7.5.

19 (3) An exclusive representative certified under IC 20-7.5 to
 20 represent certified employees of the school city, or any other
 21 entity voluntarily recognized by the board as a representative of
 22 employees providing educational services in the schools, may
 23 bargain collectively only concerning salary, wages, and salary and
 24 wage related fringe benefits. The exclusive representative may not
 25 bargain collectively or discuss performance awards under
 26 IC 20-3.1-12.

27 (4) The board of school commissioners may waive the following
 28 statutes and rules for any school in the school city without the
 29 need for administrative, regulatory, or legislative approval:

30 (A) The following rules concerning curriculum and
 31 instructional time:

32 511 IAC 6.1-3-4

33 511 IAC 6.1-5-0.5

34 511 IAC 6.1-5-1

35 511 IAC 6.1-5-2.5

36 511 IAC 6.1-5-3.5

37 511 IAC 6.1-5-4

38 (B) The following rules concerning pupil/teacher ratios:

39 511 IAC 6-2-1(b)(2)

40 511 IAC 6.1-4-1

41 (C) The following statutes and rules concerning textbooks, and
 42 rules adopted under the statutes:

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- 1 IC 20-10.1-9-1
 2 IC 20-10.1-9-18
 3 IC 20-10.1-9-21
 4 IC 20-10.1-9-23
 5 IC 20-10.1-9-27
 6 IC 20-10.1-10-1
 7 IC 20-10.1-10-2
 8 511 IAC 6.1-5-5
 9 (D) The following rules concerning school principals:
 10 511 IAC 6-2-1(c)(4)
 11 511 IAC 6.1-4-2
 12 (E) 511 IAC 2-2, concerning school construction and
 13 remodeling.
 14 (5) Notwithstanding any other law, a school city may do the
 15 following:
 16 (A) Lease school transportation equipment to others for
 17 nonschool use when the equipment is not in use for a school
 18 city purpose.
 19 (B) Establish a professional development and technology fund
 20 to be used for:
 21 (i) professional development; or
 22 (ii) technology, including video distance learning.
 23 (C) Transfer funds obtained from sources other than state or
 24 local government taxation among any account of the school
 25 corporation, including a professional development and
 26 technology fund established under clause (B).
 27 (6) Transfer funds obtained from property taxation ~~among~~
 28 **between** the general fund (established under IC 21-2-11) and the
 29 school transportation fund (established under IC 21-2-11.5)
 30 subject to the following:
 31 (A) **For property taxes first due and payable:**
 32 (i) **before January 1, 2006**, the sum of the property tax ~~rates~~
 33 for the general fund and the school transportation fund after
 34 a transfer occurs under this subdivision may not exceed the
 35 sum of the property tax ~~rates~~ for the general fund and the
 36 school transportation fund before a transfer occurs under
 37 ~~this clause; subdivision; and~~
 38 (ii) **after December 31, 2005**, the property tax rate for
 39 **the school transportation fund after a transfer occurs**
 40 **under this subdivision may not exceed the property tax**
 41 **rate for the school transportation fund before a transfer**
 42 **occurs under this subdivision.**

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1 (B) This ~~clause~~ **subdivision** does not allow a school
 2 corporation to transfer to any other fund money from the debt
 3 service fund (established under IC 21-2-4).

4 SECTION 79. IC 20-4-1-18 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) Whenever the
 6 creation of a community school corporation out of an existing
 7 corporation would involve no change in its territorial boundaries or in
 8 its board of school trustees or other governing body, other than a
 9 change, if any, in the time of election or appointment or the time the
 10 board members take office, and such creation is consistent with the
 11 standards set up pursuant to the provisions of this chapter as modified,
 12 if any, by the standards set out in this section, the state board may upon
 13 its own motion or upon petition of the governing body of the existing
 14 school corporation at any time with hearing in the county where such
 15 school corporation is located, after notice by publication at least once
 16 in one (1) newspaper of general circulation published in the county
 17 where such school corporation is located, at least ten (10) but not more
 18 than thirty (30) days prior to the date of such hearing and without
 19 action of the county committee declare such existing school
 20 corporation to be a community school corporation by adopting a
 21 resolution to this effect. Such existing school corporation shall qualify
 22 as to size and financial resources if it has an average daily attendance
 23 of two hundred seventy (270) or more, in grades nine (9) through
 24 twelve (12), or of one thousand (1,000) or more, in grades one (1)
 25 through twelve (12), and has an assessed valuation per pupil of five
 26 thousand dollars (\$5,000) or more. For the purposes of this provision
 27 the following terms shall have the following meanings:

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

34 (2) "Assessed valuation" of any school corporation shall mean the
 35 net assessed value of its real and personal property as of March 1,
 36 1964, adjusted in the same manner as such assessed valuation is
 37 adjusted for each county by the state board of tax commissioners
 38 under Acts 1949, c.247, s.5, as now or hereafter amended, unless
 39 such statute has been repealed or no longer provides for such
 40 adjustment. In the event a county has a county tax, then the
 41 assessed valuation of each school corporation in the county shall
 42 be increased by the amount of assessed valuation, if any, which

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1 would be required to raise an amount of money, equal to the
 2 excess of the amount distributed to any school corporation from
 3 the county tax over the amount collected from such county tax in
 4 such school corporation, using total taxes levied by such school
 5 corporation in terms of rate excluding the countywide tax under
 6 Acts 1959, c.328, s.2, or any similar statute, and including all
 7 other taxes levied by or for such school corporation, including but
 8 not limited to the county tax, bond fund levy, lease rental levy,
 9 library fund levy, special school fund levy, tuition fund levy
 10 **(before January 1, 2006)**, capital projects fund levy, and special
 11 funds levies. Such increased valuation shall be based on the
 12 excess distributed to the school corporation from the county tax
 13 levied for the year 1964 and the total taxes levied for such year,
 14 or if the county tax is first applied or is raised for years after 1964,
 15 then the excess distributions and total taxes levied for the year in
 16 which such tax is first applied or raised. In the event such excess
 17 distribution and total taxes levied cannot be determined
 18 accurately on or prior to the adoption of the resolution provided
 19 in this section, excess distribution and taxes levied shall be
 20 estimated by the state board of tax commissioners using the last
 21 preceding assessed valuations and tax rates or such other
 22 information as they shall see fit, certifying such increased
 23 assessment to the state board prior to such time. In all cases, the
 24 excess distribution shall be determined upon the assumption that
 25 the county tax is one hundred percent (100%) collected and all
 26 collections are distributed.

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

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

41 (b) Such community school corporation shall automatically come
 42 into being on either July 1 or January 1 following the date of such



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1 approval, whichever is earlier. The state board shall mail by certified
 2 United States mail, return receipt requested, a copy of such resolution
 3 certified by its director or its secretary to the recorder of the county
 4 from which the county committee having jurisdiction of such existing
 5 school corporation was appointed and to such county committee. Such
 6 resolution may change the time of election or appointment of the board
 7 members of such school corporation or the time such board members
 8 take office. The recorder shall without cost record such certified
 9 resolution in the miscellaneous records of the county. Such recording
 10 shall constitute a permanent record of the action of the state board and
 11 may be relied on by any person. Unless the resolution otherwise
 12 provides no interim board member shall be appointed, the board
 13 members in office on the date of such action shall continue to
 14 constitute the board of trustees of such school corporation until their
 15 successors are qualified, and the terms of their respective office and
 16 board membership shall remain unchanged except to the extent that
 17 such resolution otherwise provides. For all purposes under this chapter,
 18 community school corporation shall be regarded as a school
 19 corporation created under the provisions of section 22 of this chapter.

20 SECTION 80. IC 20-4-5-9 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) Except as
 22 otherwise provided with respect to the power to issue bonds in section
 23 10 of this chapter, said school board shall perform the duties and shall
 24 have all the powers vested in the school board or board of trustees of
 25 a school city of the class in which the consolidated school corporation
 26 would fall on the basis of its population according to the last preceding
 27 United States census under the statutes of this state, if it were organized
 28 as a school city. In the event, however, such consolidated school
 29 corporation has a population determined in such manner of less than
 30 two thousand (2,000), such school board shall perform the duties and
 31 shall have all the powers vested in the school board of a school town.
 32 The cost of maintaining such consolidated schools shall be borne by the
 33 consolidated school corporation as a ~~single tax~~ unit.

34 **(b) This subsection applies only for property taxes first due and**
 35 **payable before January 1, 2006.** Taxes to meet ~~such~~ the cost
 36 **described in subsection (a)** shall be levied by said consolidated school
 37 board at a uniform and equal rate on all the taxable property located
 38 within the limits of said consolidated school corporation, and collected
 39 in the city or cities, town or towns, township or townships in the same
 40 manner as other taxes are levied and collected.

41 SECTION 81. IC 20-4-8-11 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) The board as

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

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

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

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

39 (e) The treasurer, before entering upon the duties of his office, shall
 40 execute a bond to the acceptance of the county auditor in an amount
 41 equal to the largest sum of money that will be in the possession of the
 42 treasurer at any one time, conditioned as an ordinary official bond, with

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1 a reliable surety company or at least two (2) sufficient freehold sureties
 2 who shall not be members of such board, as surety or sureties on such
 3 bond. The president and the secretary shall each give bond, with like
 4 surety or sureties, to be approved by the county auditor, in the sum of
 5 one-fourth (1/4) of said amount. Boards of school trustees may
 6 purchase bonds from some reliable surety company and pay for them
 7 out of the special school revenue of their respective counties.

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

13 (g) **This subsection applies only to property taxes first due and**
 14 **payable before January 1, 2006.** Every such board shall have the
 15 power annually to levy such amount of taxes as in the judgment of such
 16 board, made matter of record in its minutes, should be levied to
 17 produce income sufficient to conduct and carry on the common schools
 18 committed to such board, and it is made the duty of such board
 19 annually to levy a rate and levy that will produce a sum sufficient to
 20 meet all payments of principal and interest as they will mature in the
 21 year for which such levy is made on the bonds, notes, or other
 22 obligations of such board.

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

26 SECTION 82. IC 20-4-8-21 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 21. (a) The board as
 28 referred to in this chapter shall make decisions pertaining to the general
 29 conduct of the schools which shall be enforced as entered upon the
 30 minutes recorded by the secretary of the board, and, subject to this
 31 chapter, shall exercise all powers previously exercised under the law,
 32 by or through township trustees or meetings or petitions of the
 33 township trustees of the county, ~~and/or or~~ county boards of education
 34 previously existing, and such offices, namely township trustee, county
 35 board ~~and/or or~~ county boards of education insofar as the conduct of
 36 public schools is concerned are hereby abolished as of noon on the day
 37 and date the metropolitan school district is created and comes into
 38 existence.

39 (b) The metropolitan superintendent of schools and other persons
 40 employed for administrative or supervisory duties may be deemed to
 41 be supervisors of instruction and as such eligible, subject to the rules
 42 that have been or shall be adopted by the **Indiana** state board of



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1 education, to qualify for teaching units in accordance with law.

2 (c) The government of the common schools of said district shall be
3 vested in the board, and the board shall function with all the authority,
4 powers, privileges, duties, and obligations previously granted to or
5 required of school cities and their governing boards generally under the
6 laws pertaining thereto with reference to the purchase of supplies,
7 purchase and sale of buildings, grounds, and equipment, the erection
8 of buildings, the employment and dismissal of school personnel, the
9 insuring of property and employees, the levying and collecting of taxes,
10 the making and executing of a budget, the borrowing of money, the
11 paying of the salaries and expenses of the county superintendent and
12 employees as approved by the board; shall be a body corporate and
13 politic by the name and style of "The Metropolitan School District of
14 _____, Indiana" with the right to prosecute and defend suits and
15 shall act in any manner necessary to the proper administration of the
16 common schools of the county.

17 (d) Such school districts shall be vested with all rights, titles, and
18 interests of their respective predecessor township and town school
19 corporations hereby terminated and in all the real, personal, and other
20 property of any nature and from whatever source derived, and shall
21 assume, pay, and be liable for all the indebtedness, obligations, and
22 liabilities and duties of said predecessor corporations from whatever
23 source derived and however arising and shall institute and defend suits
24 arising out of aforesaid liabilities, obligations, duties, and rights
25 assumed as a metropolitan school district.

26 (e) The treasurer, before entering upon the duties of his office, shall
27 execute a bond to the acceptance of the county auditor, which shall in
28 no event be greater than the largest sum of money that will be in the
29 possession of the treasurer at any one (1) time. The board of education
30 may purchase said bond from a reliable surety company and pay for it
31 out of the special school revenue of the metropolitan district.

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

37 (g) **This subsection applies only for property taxes first due and**
38 **payable before January 1, 2006.** Every such board shall have the
39 power annually to levy such amount of taxes as in the judgment of such
40 board, made matter of record in its minutes, should be levied to
41 produce income sufficient to conduct and carry on the common schools
42 committed to such board, and it is hereby made the duty of such board



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1 annually to levy a rate and levy that will produce a sum sufficient to
 2 meet all payments of principal and interest as they will mature in the
 3 year for which such levy is made on the bonds, notes, or other
 4 obligations of such board.

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

8 SECTION 83. IC 20-4-16-1 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
 10 chapter, the following terms shall have the following meanings:

11 (a) "City" or "town" shall be a city or town which conducts its
 12 school as school city or school town or as part of a consolidated or
 13 metropolitan school corporation.

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

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

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

20 (e) "Tax receipts" shall be the amounts received from the tax levy
 21 for the ~~tuition and~~ special school funds **and, before January 1, 2006,**
 22 **tuition support** by the original school corporation from the annexed
 23 territory.

24 SECTION 84. IC 20-5-4-6 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. If the governing
 26 board shall find, by written resolution, that an emergency exists which
 27 requires the expenditure of any money for any lawful corporate purpose
 28 which was not included in its existing budget, ~~and tax levy~~, it may
 29 authorize the making of an emergency loan, **to be repaid before the**
 30 **end of the following budget year**, which may be evidenced by the
 31 issuance of its note or notes in the same manner and subject to the
 32 same procedure and restrictions as provided for the issuance of its
 33 bonds, except as to purpose. **Subject to IC 6-1.1-19-1.9, for property**
 34 **taxes first due and payable after December 31, 2005**, at the time for
 35 making the next annual budget and tax levy for such school
 36 corporation, the governing body shall make a levy to the credit of the
 37 fund for which such expenditure is made sufficient to pay such debt
 38 and the interest thereon; however, the interest on the loan may be paid
 39 from the debt service fund.

40 SECTION 85. IC 20-5-4-8 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) Whenever the
 42 governing board of a school corporation finds and declares that an



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1 emergency exists for the borrowing of money with which to pay current
 2 expenses from a particular fund before the receipt of ~~revenues from~~
 3 ~~taxes levied or state tuition support distributions~~ **money** for such fund,
 4 the governing board may issue warrants in anticipation of the receipt
 5 of said ~~revenues:~~ **money**.

6 (b) The principal of these warrants shall be payable solely from the
 7 fund ~~for which the taxes are levied~~ **that receives the loan proceeds** or
 8 from the general fund in the case of anticipated state tuition support
 9 distributions. ~~However,~~ The interest on these warrants may be paid
 10 from the debt service fund, from the fund ~~for which the taxes are~~
 11 ~~levied,~~ **that receives the loan proceeds,** or from the general fund in
 12 the case of anticipated state tuition support distributions.

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

18 (d) The amount of principal of temporary loans maturing after June
 19 30, and on or before December 31, shall not exceed eighty percent
 20 (80%) of the amount of ~~taxes and state tuition support distributions~~
 21 **money** estimated to be ~~collected or~~ received ~~for and distributed to in~~
 22 the fund ~~at~~ **not later than** the December settlement.

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

27 (f) The estimated amount of ~~taxes and state tuition support~~
 28 ~~distributions~~ **money** to be ~~collected or~~ received ~~and distributed~~ shall be
 29 made by the county auditor or the auditor's deputy. The warrants
 30 evidencing any loan in anticipation of ~~tax revenue or state tuition~~
 31 ~~support distributions~~ shall not be delivered to the purchaser of the
 32 warrant nor payment made on the warrant before January 1 of the year
 33 the loan is to be repaid. However, the proceedings necessary to the loan
 34 may be held and carried out before January 1 and before the approval.
 35 The loan may be made even though a part of the last preceding June or
 36 December settlement has not yet been received.

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



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

8 SECTION 86. IC 20-5-13-9 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) All school cities,
 10 school townships, school towns, and joint districts are hereby
 11 authorized to establish, equip, operate, and maintain school kitchens
 12 and school lunch rooms, for the improvement of the health of the
 13 school children attending school therein, and for the advancement of
 14 the educational work of their respective schools; to employ all
 15 necessary directors, assistants, and agents; and appropriate funds of
 16 such school corporations for such purpose. Such participation in a
 17 school lunch program pursuant to the provisions of this chapter shall
 18 be discretionary with the governing board of any school corporation.

19 (b) In the event that federal funds are not available for the purpose
 20 of carrying on a school lunch program, the state of Indiana shall not
 21 participate in such school lunch program and any money appropriated
 22 by the state of Indiana for such purpose, and not expended, shall
 23 immediately revert to the state general fund. Failure on the part of the
 24 state of Indiana to participate in the school lunch program shall not
 25 invalidate any appropriation made or school lunch program carried on
 26 by any school corporation by means of gifts or **other money raised by**
 27 **tax levy pursuant to the provisions of this chapter available** for the
 28 purpose of such school lunch program.

29 SECTION 87. IC 20-5-17.5-2 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE MARCH 1, 2005]: Sec. 2. (a) This
 31 subsection does not apply to a school corporation in a county having a
 32 population of more than two hundred thousand (200,000) but less than
 33 three hundred thousand (300,000). The governing body of a school
 34 corporation may annually **levy and** appropriate, from its general fund,
 35 a sum ~~of that does~~ **not exceed the amount that would be raised by**
 36 **a property tax rate of** more than five-tenths of one cent (\$.005) on
 37 each one hundred dollars (\$100) of assessed valuation in the school
 38 corporation to be paid to a historical society, subject to subsection (c).

39 (b) This subsection applies only to a school corporation in a county
 40 having a population of more than two hundred thousand (200,000) but
 41 less than three hundred thousand (300,000). To provide funding for a
 42 historical society under this section, the governing body of a school



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1 corporation may impose a **property tax rate** of not more than
 2 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of
 3 assessed valuation in the school corporation. This tax is not subject to
 4 the tax levy limitations imposed on the school corporation by
 5 IC 6-1.1-19-1.5 (**repealed January 1, 2006**) or the provisions of
 6 IC 21-2-11-8 (**repealed January 1, 2006**). The school corporation
 7 shall deposit the proceeds of the tax in a fund to be known as the
 8 historical society fund. The historical society fund is separate and
 9 distinct from the school corporation's general fund and may be used
 10 only for the purpose of providing funds for a historical society under
 11 this section. Subject to subsection (c), the governing body of the school
 12 corporation may annually appropriate the money in the fund to be paid
 13 in semiannual installments to a historical society having facilities in the
 14 county.

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

- 17 (1) the governing body of the school corporation to appoint its
 18 superintendent and one (1) of its history teachers as visitors, with
 19 the privilege of attending all meetings of the society's governing
 20 board;
- 21 (2) the governing body of the school corporation to nominate two
 22 (2) persons for membership on the society's governing board;
- 23 (3) the school corporation to use any of the society's facilities and
 24 equipment for educational purposes consistent with the society's
 25 purposes;
- 26 (4) the students and teachers of the school corporation to tour the
 27 society's museum, if any, free of charge; and
- 28 (5) the school corporation to borrow artifacts from the society's
 29 collection, if any, for temporary exhibit in the schools.

30 SECTION 88. IC 20-5-17.5-3 (DELAYED VERSION) IS
 31 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
 32 2005]: Sec. 3. (a) This section applies to school corporations in a
 33 county containing a city having a population of:

- 34 (1) more than one hundred fifty thousand (150,000) but less than
 35 five hundred thousand (500,000);
- 36 (2) more than one hundred twenty thousand (120,000) but less
 37 than one hundred fifty thousand (150,000);
- 38 (3) more than one hundred ten thousand (110,000) but less than
 39 one hundred twenty thousand (120,000);
- 40 (4) more than ninety thousand (90,000) but less than one hundred
 41 ten thousand (110,000); or
- 42 (5) more than seventy-five thousand (75,000) but less than ninety



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1 thousand (90,000).

2 (b) In order to provide funding for an art association under this
3 section, the governing body of a school corporation may impose a tax
4 of not more than five-tenths of one cent (\$.005) on each one hundred
5 dollars (\$100) of assessed valuation in the school corporation. This tax
6 is not subject to the tax levy limitations imposed on the school
7 corporation by IC 6-1.1-19-1.5 (**repealed January 1, 2006**) or the
8 provisions of IC 21-2-11-8 (**repealed January 1, 2006**).

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

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

20 (1) the governing body of the school corporation to appoint its
21 superintendent and its director of art instruction as visitors, with
22 the privilege of attending all meetings of the association's
23 governing board;

24 (2) the governing body of the school corporation to nominate
25 persons for membership on the association's governing board,
26 with at least two (2) of the nominees to be elected;

27 (3) the school corporation to use any of the association's facilities
28 and equipment for educational purposes consistent with the
29 association's purposes;

30 (4) the students and teachers of the school corporation to tour the
31 association's museum and galleries free of charge;

32 (5) the school corporation to borrow materials from the
33 association for temporary exhibit in the schools;

34 (6) the teachers of the school corporation to receive normal
35 instruction in the fine and applied arts at half the regular rates
36 charged by the association; and

37 (7) the school corporation to expect such exhibits in the
38 association's museum as will supplement the work of the students
39 and teachers of the corporation.

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



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

5 (f) Whenever more than one (1) art association in a city that is listed
 6 in subsection (a) qualifies to receive payments under this section, the
 7 governing body of the school corporation shall select the one (1) art
 8 association best qualified to perform the services described by
 9 subsection (c). A school corporation may select only one (1) art
 10 association to receive payments under this section.

11 SECTION 89. IC 20-5-62-6, AS AMENDED BY P.L.77-1999,
 12 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JULY 1, 2005]: Sec. 6. Except as provided in this chapter and
 14 notwithstanding any other law, a freeway school corporation or a
 15 freeway school may do the following during the contract period:

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

18 (2) Lease school transportation equipment to others for nonschool
 19 use when the equipment is not in use for a school corporation
 20 purpose, if the lessee has not received a bid from a private entity
 21 to provide transportation equipment or services for the same
 22 purpose.

23 (3) Replace the budget and accounting system that is required by
 24 law with a budget or accounting system that is frequently used in
 25 the private business community. The state board of accounts may
 26 not go beyond the requirements imposed upon the state board of
 27 accounts by statute in reviewing the budget and accounting
 28 system used by a freeway school corporation or a freeway school.

29 (4) Establish a professional development and technology fund to
 30 be used for:

31 (A) professional development; or

32 (B) technology, including video distance learning.

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

36 (5) Subject to subdivision (4), transfer funds obtained from
 37 sources other than state or local government taxation among any
 38 accounts of the school corporation, including a professional
 39 development and technology fund established under subdivision
 40 (4).

41 (6) Transfer funds obtained from property taxation and from state
 42 distributions ~~among~~ **between** the general fund (established under

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1 IC 21-2-11) and the school transportation fund (established under
2 IC 21-2-11.5), subject to the following:

3 **(A) For property taxes first due and payable:**

4 **(i) before January 1, 2006**, the sum of the property tax rates
5 for the general fund and the school transportation fund after
6 a transfer occurs under this subdivision may not exceed the
7 sum of the property tax rates for the general fund and the
8 school transportation fund before a transfer occurs under
9 this subdivision; **and**

10 **(ii) after December 31, 2005, the property tax rate for**
11 **the school transportation fund after a transfer occurs**
12 **under this subdivision may not exceed the property tax**
13 **rate for the school transportation fund after a transfer**
14 **occurs under this subdivision.**

15 **(B)** This subdivision does not allow a school corporation to
16 transfer to any other fund money from the:

- 17 (i) capital projects fund (established under IC 21-2-15); or
18 (ii) debt service fund (established under IC 21-2-4).

19 (7) Establish a locally adopted assessment program to replace the
20 assessment of students under the ISTEP program established
21 under IC 20-10.1-16-8, subject to the following:

22 (A) A locally adopted assessment program must be established
23 by the governing body and approved by the department.

24 (B) A locally adopted assessment program may use a locally
25 developed test or a nationally developed test.

26 (C) Results of assessments under a locally adopted assessment
27 program are subject to the same reporting requirements as
28 results under the ISTEP program.

29 (D) Each student who completes a locally adopted assessment
30 program and the student's parent or guardian has the same
31 rights to inspection and rescoring as are set forth in
32 IC 20-10.1-16-7(d).

33 SECTION 90. IC 20-8.1-3-36 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 36. (a) It is
35 unlawful for a person operating or responsible for an educational,
36 correctional, charitable, or benevolent institution or training school to
37 fail to ensure that a child under his authority attends school as required
38 under this chapter. Each day of violation of this section constitutes a
39 separate offense.

40 (b) If a child is placed in an institution or facility under a court
41 order, the institution or facility shall charge the ~~county office of the~~
42 ~~county of the student's legal settlement under IC 12-19-7~~ **division of**

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1 **family and children** for the use of the space within the institution or
 2 facility (commonly called capital costs) that is used to provide
 3 educational services to the child based upon a prorated per student cost.

4 SECTION 91. IC 20-8.1-6.1-7 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 7. (a) If a student
 6 is transferred under section 2 of this chapter from a school corporation
 7 in Indiana to a public school corporation in another state, the transferor
 8 corporation shall pay the transferee corporation the full tuition fee
 9 charged by the transferee corporation. However, the amount of the full
 10 tuition fee must not exceed the amount charged by the transferor
 11 corporation for the same class of school, or if the school has no such
 12 classification, the amount must not exceed the amount charged by the
 13 geographically nearest school corporation in Indiana which has such
 14 classification.

15 (b) If a child is:

16 (1) placed by a court order in an out-of-state institution or other
 17 facility; and

18 (2) provided all educational programs and services by a public
 19 school corporation in the state where the child is placed, whether
 20 at the facility, the public school, or another location;

21 the ~~county office~~ **division** of family and children ~~for the county placing~~
 22 ~~the child~~ shall pay ~~from the county family and children's fund~~ to the
 23 public school corporation in which the child is enrolled the amount of
 24 transfer tuition specified in subsection (c).

25 (c) The transfer tuition for which a ~~county office~~ **the division of**
 26 **family and children** is obligated under subsection (b) is equal to the
 27 following:

28 (1) The amount under a written agreement among the ~~county~~
 29 ~~office;~~ **division of family and children**, the institution or other
 30 facility, and the governing body of the public school corporation
 31 in the other state that specifies the amount and method of
 32 computing transfer tuition.

33 (2) The full tuition fee charged by the transferee corporation, if
 34 subdivision (1) does not apply. However, the amount of the full
 35 tuition fee must not exceed the amount charged by the transferor
 36 corporation for the same class of school, or if the school has no
 37 such classification, the amount must not exceed the amount
 38 charged by the geographically nearest school corporation in
 39 Indiana which has such classification.

40 (d) If a child is:

41 (1) placed by a court order in an out-of-state institution or other
 42 facility; and

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- 1 (2) provided:
- 2 (A) onsite educational programs and services either through
- 3 the facility's employees or by contract with another person or
- 4 organization that is not a public school corporation; or
- 5 (B) educational programs and services by a nonpublic school;
- 6 ~~the county office division of family and children for the county placing~~
- 7 ~~the child shall pay from the county family and children's fund in an~~
- 8 ~~amount and in the manner specified in a written agreement between the~~
- 9 ~~county office division and the institution or other facility.~~
- 10 (e) ~~An agreement described in subsection (c) or (d) is subject to the~~
- 11 ~~approval of the director of the division of family and children.~~
- 12 ~~However, For purposes of IC 4-13-2, the an agreement described in~~
- 13 ~~subsection (c) or (d) shall not be treated as a contract.~~
- 14 SECTION 92. IC 20-8.1-6.1-8 IS AMENDED TO READ AS
- 15 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 8. (a) As used in
- 16 this section, the following terms have the following meanings:
- 17 (1) "Class of school" refers to a classification of each school or
- 18 program in the transferee corporation by the grades or special
- 19 programs taught at the school. Generally, these classifications are
- 20 denominated as kindergarten, elementary school, middle school
- 21 or junior high school, high school, and special schools or classes,
- 22 such as schools or classes for special education, vocational
- 23 training, or career education.
- 24 (2) "ADM" means the following:
- 25 (A) For purposes of allocating to a transfer student state
- 26 distributions under IC 21-1-30 (primetime), "ADM" as
- 27 computed under IC 21-1-30-2.
- 28 (B) For all other purposes, "ADM" as set forth in
- 29 IC 21-3-1.6-1.1.
- 30 (3) "Pupil enrollment" means the following:
- 31 (A) The total number of students in kindergarten through
- 32 grade 12 who are enrolled in a transferee school corporation
- 33 on a date determined by the Indiana state board of education.
- 34 (B) The total number of students enrolled in a class of school
- 35 in a transferee school corporation on a date determined by the
- 36 Indiana state board of education.
- 37 However, a kindergarten student shall be counted under clauses
- 38 (A) and (B) as one-half (1/2) a student.
- 39 (4) "Special equipment" means equipment that during a school
- 40 year:
- 41 (A) is used only when a child with disabilities is attending
- 42 school;

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1 (B) is not used to transport a child to or from a place where the
2 child is attending school;

3 (C) is necessary for the education of each child with
4 disabilities that uses the equipment, as determined under the
5 individualized instruction program for the child; and

6 (D) is not used for or by any child who is not a child with
7 disabilities.

8 The Indiana state board of education may select a different date for
9 counts under subdivision (3). However, the same date shall be used for
10 all school corporations making a count for the same class of school.

11 (b) Each transferee corporation is entitled to receive for each school
12 year on account of each transferred student, except a student
13 transferred under section 3 of this chapter, transfer tuition from the
14 transferor corporation or the state as provided in this chapter. Transfer
15 tuition equals the amount determined under STEP THREE of the
16 following formula:

17 STEP ONE: Allocate to each transfer student the capital
18 expenditures for any special equipment used by the transfer
19 student and a proportionate share of the operating costs incurred
20 by the transferee school for the class of school where the transfer
21 student is enrolled.

22 STEP TWO: If the transferee school included the transfer student
23 in the transferee school's ADM for a school year, allocate to the
24 transfer student a proportionate share of the following general
25 fund revenues of the transferee school for, except as provided in
26 clause (C), the calendar year in which the school year ends:

27 (A) The following state distributions that are computed in any
28 part using ADM or other pupil count in which the student is
29 included:

30 (i) Primetime grant under IC 21-1-30.

31 (ii) Tuition support for basic programs and at-risk weights
32 under IC 21-3-1.7-8 (before January 1, 1996) and only for
33 basic programs (after December 31, 1995).

34 (iii) Enrollment growth grant under IC 21-3-1.7-9.5.

35 (iv) At-risk grant under IC 21-3-1.7-9.7.

36 (v) Academic honors diploma award under IC 21-3-1.7-9.8.

37 (vi) Vocational education grant under IC 21-3-1.8-3.

38 (vii) Special education grant under ~~IC 21-3-1.8~~
39 **IC 21-3-1.8-2** (repealed January 1, 1996) or IC 21-3-10.

40 (viii) The portion of the ADA flat grant that is available for
41 the payment of general operating expenses under
42 IC 21-3-4.5-2(b)(1).

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- 1 (B) For school years beginning after June 30, 1997, property
2 tax levies.
- 3 (C) For school years beginning after June 30, 1997, excise tax
4 revenue (as defined in IC 21-3-1.7-2) received for deposit in
5 the calendar year in which the school year begins.
- 6 (D) For school years beginning after June 30, 1997, allocations
7 to the transferee school under IC 6-3.5.
- 8 STEP THREE: Determine the greater of:
- 9 (A) zero (0); or
- 10 (B) the result of subtracting the STEP TWO amount from the
11 STEP ONE amount.
- 12 If a child is placed in an institution or facility in Indiana under a court
13 order, the institution or facility shall charge the ~~county office of the~~
14 ~~county of the student's legal settlement under IC 12-19-7~~ **division of**
15 **family and children** for the use of the space within the institution or
16 facility (commonly called capital costs) that is used to provide
17 educational services to the child based upon a prorated per student cost.
- 18 (c) Operating costs shall be determined for each class of school
19 where a transfer student is enrolled. The operating cost for each class
20 of school is based on the total expenditures of the transferee
21 corporation for the class of school from its general fund expenditures
22 as specified in the classified budget forms prescribed by the state board
23 of accounts. This calculation excludes:
- 24 (1) capital outlay;
- 25 (2) debt service;
- 26 (3) costs of transportation;
- 27 (4) salaries of board members;
- 28 (5) contracted service for legal expenses; and
- 29 (6) any expenditure which is made out of the general fund from
30 extracurricular account receipts;
- 31 for the school year.
- 32 (d) The capital cost of special equipment for a school year is equal
33 to:
- 34 (1) the cost of the special equipment; divided by
- 35 (2) the product of:
- 36 (A) the useful life of the special equipment, as determined
37 under the rules adopted by the Indiana state board of
38 education; multiplied by
- 39 (B) the number of students using the special equipment during
40 at least part of the school year.
- 41 (e) When an item of expense or cost described in subsection (c)
42 cannot be allocated to a class of school, it shall be prorated to all

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1 classes of schools on the basis of the pupil enrollment of each class in
 2 the transferee corporation compared to the total pupil enrollment in the
 3 school corporation.

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

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

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

10 When a transferred student is enrolled in a transferee corporation for
 11 less than the full school year of pupil attendance, the transfer tuition
 12 shall be calculated by the portion of the school year for which the
 13 transferred student is enrolled. A school year of pupil attendance
 14 consists of the number of days school is in session for pupil attendance.
 15 A student, regardless of the student's attendance, is enrolled in a
 16 transferee school unless the student is no longer entitled to be
 17 transferred because of a change of residence, **because** the student has
 18 been excluded or expelled from school for the balance of the school
 19 year or for an indefinite period, or **because** the student has been
 20 confirmed to have withdrawn from school. The transferor and the
 21 transferee corporation may enter into written agreements concerning
 22 the amount of transfer tuition due in any school year. Where an
 23 agreement cannot be reached, the amount shall be determined by the
 24 Indiana state board of education and costs may be established, when in
 25 dispute, by the state board of accounts.

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

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

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

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

37 (h) In lieu of the payments provided in subsection (b), the transferor
 38 corporation or state owing transfer tuition may enter into a long term
 39 contract with the transferee corporation governing the transfer of
 40 students. This contract is for a maximum period of five (5) years with
 41 an option to renew and may specify a maximum number of pupils to be
 42 transferred and fix a method for determining the amount of transfer



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1 tuition and the time of payment, which may be different from that
2 provided in section 9 of this chapter.

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

12 (j) **This subsection applies only to property taxes first due and**
13 **payable before January 1, 2006.** If a school corporation experiences
14 a net financial impact with regard to transfer tuition that is negative for
15 a particular school year as described in IC 6-1.1-19-5.1 (**repealed**
16 **January 1, 2006**), the school corporation may appeal for an excessive
17 levy as provided under IC 6-1.1-19-5.1 (**repealed January 1, 2006**).

18 SECTION 93. IC 20-8.1-6.5-4 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) Where a transfer
20 is ordered to commence in a school year, where the transferor
21 corporation has net additional costs over savings (on account of any
22 transfer ordered) allocable to the calendar year in which the school year
23 begins, and where the transferee corporation has no budgeted funds for
24 such net additional costs, they may be recovered by one (1) or more of
25 the following methods in addition to any other methods provided by
26 applicable law:

27 (1) An emergency loan made pursuant to IC 20-5-4-6 to be paid,
28 however, out of the debt service levy and fund, or a loan from any
29 state fund made available therefor.

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

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

35 (b) The net additional costs shall be certified by the state board of
36 tax commissioners and any grant shall be made solely after affirmative
37 recommendation of the tax control board created by IC 6-1.1-19-4.1.
38 Repayment of any advance or loan from the state shall be made in
39 accordance with IC 6-1.1-19-4.5(d) (**repealed January 1, 2006**) and
40 **IC 6-1.1-19-4.4(c)**. ~~The~~ Use of any of the methods enumerated above
41 shall not subject the transferor corporation to the provisions of
42 IC 6-1.1-19-4.7 (**repealed January 1, 2006**).



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1 SECTION 94. IC 20-8.1-6.5-9 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. ~~Transportation Costs~~
 3 ~~State Reimbursement~~. Transportation costs for transferred students
 4 for each calendar year or for capital outlay and for operations shall be
 5 reimbursed by the state to the transferor corporation in the same
 6 percent of the total outlay which the distributions to the transferor
 7 corporation under IC 1971, 21-3-1.5-3, or from the state flat grant
 8 distribution account where it is credited to the general transportation
 9 fund constitute of its total annual general transportation fund
 10 appropriations for such year. In this calculation there shall be excluded
 11 from general transportation fund appropriations capital outlay and
 12 debt service. and any expenditure which is made out of the general
 13 fund from extracurricular accounts. Any amount not thus reimbursed
 14 and raised as part of the transferor corporation's general fund levy shall
 15 constitute an increase in its base tax levy for such budget year, as
 16 otherwise defined and as applied in IC 6-1.1-1-16 and IC 6-1.1-1-19. In
 17 no event shall the state reimbursement for transportation operating
 18 expense to the transferor corporation be less than it would receive
 19 under applicable law without regard to this section.

20 SECTION 95. IC 20-8.1-7-18 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) Whenever the
 22 test required under section 17 of this chapter discloses that the hearing
 23 of any child is impaired and the child cannot be taught advantageously
 24 in regular classes, the governing body of the school corporation shall
 25 provide appropriate remedial measures and correctional devices. The
 26 governing body shall advise the child's parents of the proper medical
 27 care, attention, and treatment needed. The governing body shall
 28 provide approved mechanical auditory devices and prescribe courses
 29 in lip reading by qualified, competent and approved instructors. The
 30 superintendent of public instruction and the head of the rehabilitative
 31 services bureau of the division of disability, aging, and rehabilitative
 32 services shall cooperate with school corporations to provide this
 33 assistance; they shall also provide advice and information to assist
 34 school corporations in complying with this section. The local governing
 35 body may adopt rules and regulations for the administration of this
 36 section.

37 (b) Each school corporation may receive and accept bequests and
 38 donations for immediate use or as trusts or endowments to assist in
 39 meeting costs and expenses incurred in complying with the
 40 requirements of this section. When funds for the full payment of these
 41 expenses are not otherwise available, in any school corporation, any
 42 unexpended balance in the state treasury which is available for the use



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1 of local schools and is otherwise unappropriated may be loaned to the
 2 school corporation for that purpose by the governor. Any loan made by
 3 the governor under this section shall be repaid to the fund in the state
 4 treasury from which it came within two (2) years after the date it was
 5 advanced. These loans shall be repaid **before January 1, 2006,**
 6 **through the levying of taxes in the borrowing school corporation and,**
 7 **after December 31, 2005, from funds available to the school**
 8 **corporation. If the advance is not repaid, the amount due may be**
 9 **withheld from the distribution of other state funds to the school**
 10 **corporation to which the advance is made.**

11 SECTION 96. IC 20-9.1-1-3 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. ~~Definition, "Private~~
 13 ~~School":~~ As used in this article, the term "private school" means any
 14 school ~~which is not supported and maintained by funds realized from~~
 15 ~~the imposition of a tax on property, income or sales: that is not a~~
 16 ~~school corporation (as defined in IC 36-1-2-17).~~

17 SECTION 97. IC 20-10.1-6.5-1 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
 19 chapter:

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

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

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

27 SECTION 98. IC 21-2-3.1-1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. This chapter applies
 29 if a township board finds, at an annual or special meeting of the board,
 30 that:

31 (1) it is necessary to provide for the construction of a school
 32 building; and

33 (2) the cost of the building, or the proportional cost if it is a joint
 34 graded high school building, will be in excess of the ~~sum~~
 35 ~~available from an annual levy: amount of available funds.~~

36 SECTION 99. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE
 37 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 38 1, 2005]: **Sec. 7. A school corporation shall annually levy a sum**
 39 **sufficient to meet all payments of principal and interest on debt**
 40 **service payable from the debt service fund as the payments mature.**

41 SECTION 100. IC 21-2-5.6-3, AS AMENDED BY P.L.232-1999,
 42 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2005]: Sec. 3. This section applies to self insurance funds
 2 permitted to be established under section 1(1) of this chapter and self
 3 insurance funds required to be established under section 1(2) of this
 4 chapter. Subject to the approval of the commissioner of the department
 5 of insurance, the governing body of the school corporation is
 6 authorized to:

- 7 (1) transfer to the self insurance fund an amount of money in:
 8 (A) the general fund budget; and
 9 (B) **for property taxes first due and payable before**
 10 **January 1, 2006**, the general fund tax levy and rate;
 11 (2) transfer monies from the general fund to the self insurance
 12 fund; or
 13 (3) appropriate monies from the general fund for the self
 14 insurance fund.

15 SECTION 101. IC 21-2-11-2 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. The governing body
 17 of each school corporation in the state of Indiana shall establish a
 18 general fund for the operation and maintenance of local schools. ~~and~~
 19 **The governing body shall levy a tax therefor in calendar years**
 20 **before January 1, 2006. Except as otherwise provided by statute,**
 21 **all receipts and disbursements heretofore authorized by law for school**
 22 **funds and tax levies for the tuition fund; special school fund; special**
 23 **fund; vocational fund; recreation fund; compulsory education fund;**
 24 **school library fund; high school library fund; public employee's**
 25 **retirement fund; operating fund; transportation tax and county wide**
 26 **school tax shall on and after January 1, 1968; be received in and**
 27 **disbursed from the general fund. For property taxes first due and**
 28 **payable before January 1, 2006, the tax levy and rate for the general**
 29 **fund shall be established by the governing body of each school**
 30 **corporation. for the 1968 calendar year and all succeeding calendar**
 31 **years. Any balances of all the aforesaid funds on January 1, 1968 shall**
 32 **be transferred to the general fund. The general assembly declares**
 33 **that sufficient tax revenues and distributions will be provided after**
 34 **December 31, 2005, so that each school corporation will be eligible**
 35 **to receive for its general fund an amount at least equal to the**
 36 **amount that the school corporation received in the immediately**
 37 **preceding year. Notwithstanding any other provision, including the**
 38 **calendar year distribution limits under IC 21-3-1.7-9, there is**
 39 **appropriated from the state general fund the amount necessary to**
 40 **ensure that each school corporation will be eligible to receive for**
 41 **its general fund an amount at least equal to the amount that the**
 42 **school corporation received in the immediately preceding year.**



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1 SECTION 102. IC 21-2-11-5 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 5. Any self-supporting
 3 programs maintained by any school corporation, including but not
 4 limited to school lunch and rental or sale of textbooks, may be
 5 established as separate funds, separate and apart from the general fund,
 6 if no **state distributions under IC 21-3-1.7** or local tax rate is
 7 ~~established therefor.~~ **funds are involved.**

8 SECTION 103. IC 21-2-11-6, AS AMENDED BY P.L.77-1999,
 9 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2005]: Sec. 6. (a) Moneys received by any school corporation
 11 for a specific purpose or purposes, by gift, endowment or pursuant to
 12 any federal statute, may be accounted for by establishing separate
 13 funds, separate and apart from the general fund, if no **state**
 14 **distributions under IC 21-3-1.7** or local tax funds are involved.
 15 However, no such funds shall be accepted unless the terms of the gift,
 16 endowment or payment, and the acceptance thereof, are so stated that
 17 the officers of the school corporation are not divested of any right or
 18 authority which they ~~now have or may hereafter be~~ **are** granted by law.
 19 Such moneys so received for specific purposes, and any earnings
 20 thereon, may be disbursed without appropriation.

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

25 SECTION 104. 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, 2005]: **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 105. IC 21-2-15-15 IS ADDED TO THE INDIANA
 32 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2005]: **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 106. IC 21-4-20-1 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. Whenever it is found
 39 by the board of school trustees or other proper authorities of any school
 40 city or school town that an emergency exists for the borrowing of
 41 money with which to meet the current expenses of the schools of such
 42 school town or school city, the board of school trustees or other proper



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1 authorities of such school city or school town may make temporary
 2 loans in anticipation of the current revenues of such school town or
 3 school city to an amount not exceeding fifty percent (50%) of the
 4 ~~amount of taxes actually levied and revenue~~ in the course of collection
 5 for the fiscal year in which such loans are made. Revenues shall be
 6 deemed to be current and taxes shall be deemed to have been actually
 7 levied and in the course of collection when the budget levy and rate
 8 shall have been finally approved by the state board of tax
 9 commissioners. ~~Provided, However, That~~ in all second and third class
 10 school cities, no such loans shall be borrowed in excess of the sum of
 11 twenty thousand dollars (\$20,000) until the letting of the same shall
 12 have been advertised once each week for two (2) successive weeks in
 13 two (2) newspapers of general circulation published in such school city,
 14 and until sealed bids have been submitted at a regular meeting of the
 15 school board of such school city, pursuant to such notices, stipulating
 16 the rate of interest to be charged by such bidder. ~~and Provided, further,~~
 17 ~~That~~ Such school loans shall be made with the bidder submitting the
 18 lowest rate of interest and submitting with his bid an affidavit showing
 19 that no collusion exists between himself and any other bidder for such
 20 loan.

21 SECTION 107. IC 31-19-26-1 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1. (a) When a
 23 petition for adoption is filed seeking a subsidy and the payment of a
 24 subsidy is ordered by the court, the order must contain the following
 25 information:

- 26 (1) Whether a subsidy will be paid under section 2 or 3 of this
 27 chapter, or both.
- 28 (2) The amount of each subsidy to be paid.
- 29 (3) If a subsidy will be paid under section 3 of this chapter, the
 30 condition or cause covered by the subsidy.
- 31 (4) Any condition for the continued payment of a subsidy other
 32 than a requirement set forth in this chapter.

33 (b) The ~~county office division~~ of family and children of the county
 34 responsible for foster care of an adoptive child may be ordered to pay
 35 either or both of the subsidies under this chapter to the adoptive parents
 36 or designated payees to the extent that money is available.

37 SECTION 108. IC 31-34-24-4 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 4. (a) ~~Before~~
 39 ~~March 1, 1998~~, Each county shall establish a team to develop a plan as
 40 described in this chapter.

41 (b) The team is composed of the following members, each of whom
 42 serves at the pleasure of the member's appointing authority:



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- 1 (1) Two (2) members appointed by the judge or judges of the
- 2 juvenile court, one (1) of whom is a representative of the
- 3 probation department.
- 4 (2) Two (2) members appointed by the director of the county
- 5 office as follows:
- 6 (A) One (1) is a member of the child welfare staff of the
- 7 county office.
- 8 (B) One (1) is either:
- 9 (i) an interested resident of the county; or
- 10 (ii) a representative of a social service agency;
- 11 who knows of child welfare needs and services available to
- 12 residents of the county.
- 13 (3) One (1) member appointed by the superintendent of the largest
- 14 school corporation in the county.
- 15 (4) If:
- 16 (A) two (2) school corporations are located within the county,
- 17 one (1) member appointed by the superintendent of the second
- 18 largest school corporation in the county; or
- 19 (B) more than two (2) school corporations are located within
- 20 the county, one (1) member appointed by the county fiscal
- 21 body as a representative of school corporations other than the
- 22 largest school corporation in the county.
- 23 ~~(5) One (1) member appointed by the county fiscal body.~~
- 24 ~~(6) (5) One (1) member representing the community mental~~
- 25 ~~health center (as defined under IC 12-7-2-38) serving the county,~~
- 26 ~~appointed by the director of the community mental health center.~~
- 27 ~~However, if more than one (1) community mental health center~~
- 28 ~~serves the county, the member shall be appointed by the county~~
- 29 ~~fiscal body.~~
- 30 ~~(7) (6) One (1) or more additional members appointed by the~~
- 31 ~~chairperson of the team, county director, from among interested~~
- 32 ~~or knowledgeable residents of the community or representatives~~
- 33 ~~of agencies providing social services to or for children in the~~
- 34 ~~county.~~

35 SECTION 109. IC 31-34-24-11, AS AMENDED BY P.L.273-1999,
 36 SECTION 103, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JANUARY 1, 2002]: Sec. 11. The ~~director or the~~ state
 38 superintendent of public instruction may, not later than thirty (30) days
 39 after receiving the plan, transmit to the team and the ~~county fiscal body~~
 40 **director** any comments, including recommendations for modification
 41 of the plan, that the ~~director or the~~ state superintendent of public
 42 instruction considers appropriate.

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1 SECTION 110. IC 31-34-24-12, AS AMENDED BY P.L.273-1999,
 2 SECTION 104, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JANUARY 1, 2002]: Sec. 12. Not later than sixty (60)
 4 days after receiving the plan, the ~~county fiscal body~~ **director** shall do
 5 one (1) of the following:

- 6 (1) Approve the plan as submitted by the team.
 7 ~~(2) Approve the plan with amendments, modifications, or~~
 8 ~~revisions adopted by the county fiscal body.~~
 9 ~~(3)~~ **(2)** Return the plan to the team with directions concerning:
 10 (A) subjects for further study and reconsideration; and
 11 (B) resubmission of a revised plan.

12 SECTION 111. IC 31-34-24-14, AS AMENDED BY P.L.273-1999,
 13 SECTION 105, IS AMENDED TO READ AS FOLLOWS
 14 [EFFECTIVE JANUARY 1, 2002]: Sec. 14. (a) The team shall meet at
 15 least one (1) time each year to do the following:

- 16 (1) Develop, review, or revise a strategy that identifies:
 17 (A) the manner in which prevention and early intervention
 18 services will be provided or improved;
 19 (B) how local collaboration will improve children's services;
 20 and
 21 (C) how different funds can be used to serve children and
 22 families more effectively.
 23 (2) Reorganize as needed and select its vice chairperson for the
 24 ensuing year.
 25 (3) Review the implementation of the plan and prepare revisions,
 26 additions, or updates of the plan that the team considers necessary
 27 or appropriate to improve the quality and efficiency of early
 28 intervention child welfare services provided in accordance with
 29 the plan.
 30 (4) Prepare and submit to the ~~county fiscal body~~ **director and the**
 31 **state superintendent of public instruction** a report on the
 32 operations of the plan during the preceding year and a revised and
 33 updated plan for the ensuing year.

34 (b) The chairperson or vice chairperson of the team ~~or the county~~
 35 ~~fiscal body~~ may convene any additional meetings of the team that are,
 36 in the chairperson's or vice chairperson's opinion, necessary or
 37 appropriate.

38 SECTION 112. IC 31-34-24-15, AS AMENDED BY P.L.273-1999,
 39 SECTION 106, IS AMENDED TO READ AS FOLLOWS
 40 [EFFECTIVE JANUARY 1, 2002]: Sec. 15. The team ~~or the county~~
 41 ~~fiscal body~~ shall transmit copies of the plan, each annual report, and
 42 each revised plan to the following:



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- 1 (1) The director.
- 2 (2) The state superintendent of public instruction.
- 3 (3) The county office.
- 4 (4) The juvenile court.
- 5 (5) The superintendent of each public school corporation in the
- 6 county.
- 7 (6) The local step ahead council.
- 8 (7) Any public or private agency that:
 - 9 (A) provides services to families and children in the county
 - 10 that requests information about the plan; or
 - 11 (B) the team has identified as a provider of services relevant
 - 12 to the plan.

13 SECTION 113. IC 31-34-24-16 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 16. The team ~~or~~
 15 ~~the county fiscal body~~ shall publicize to residents of the county the
 16 existence and availability of the plan.

17 SECTION 114. IC 31-37-24-4 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 4. (a) ~~Before~~
 19 ~~March 1, 1998~~, Each county shall establish a team to develop a plan as
 20 described in this chapter.

21 (b) The team is composed of the following members, each of whom
 22 serves at the pleasure of the member's appointing authority:

- 23 (1) Two (2) members appointed by the judge or judges of the
- 24 juvenile court, one (1) of whom is a representative of the
- 25 probation department.
- 26 (2) Two (2) members appointed by the director of the county
- 27 office as follows:
 - 28 (A) One (1) is a member of the child welfare staff of the
 - 29 county office.
 - 30 (B) One (1) is either:
 - 31 (i) an interested resident of the county; or
 - 32 (ii) a representative of a social service agency;
 - 33 who knows of child welfare needs and services available to
 - 34 residents of the county.
 - 35 (3) One (1) member appointed by the superintendent of the largest
 - 36 school corporation in the county.
 - 37 (4) If:
 - 38 (A) two (2) school corporations are located within the county,
 - 39 one (1) member appointed by the superintendent of the second
 - 40 largest school corporation in the county; or
 - 41 (B) more than two (2) school corporations are located within
 - 42 the county, one (1) member appointed by the county fiscal



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1 body as a representative of school corporations other than the
2 largest school corporation in the county.

3 ~~(5) One (1) member appointed by the county fiscal body.~~
4 ~~(6) (5) One (1) member representing the community mental~~
5 ~~health center (as defined under IC 12-7-2-38) serving the county,~~
6 ~~appointed by the director of the community mental health center.~~
7 However, if more than one (1) community mental health center
8 serves the county, the member shall be appointed by the county
9 ~~fiscal body: director.~~

10 ~~(7) (6) One (1) or more additional members appointed by the~~
11 ~~chairperson of the team; county director,~~ from among interested
12 or knowledgeable residents of the community or representatives
13 of agencies providing social services to or for children in the
14 county.

15 SECTION 115. IC 31-37-24-5, AS AMENDED BY P.L.273-1999,
16 SECTION 110, IS AMENDED TO READ AS FOLLOWS
17 [EFFECTIVE JANUARY 1, 2002]: Sec. 5. If a county has in existence
18 a committee, council, or other organized group that includes
19 representatives of all of the appointing authorities described in section
20 4 of this chapter, the ~~county fiscal body~~ **director** may elect to designate
21 that existing organization as the county's team for purposes of this
22 chapter.

23 SECTION 116. IC 31-37-24-11, AS AMENDED BY P.L.273-1999,
24 SECTION 115, IS AMENDED TO READ AS FOLLOWS
25 [EFFECTIVE JANUARY 1, 2002]: Sec. 11. The ~~director or the~~ state
26 superintendent of public instruction may, not later than thirty (30) days
27 after receiving the plan, transmit to the team and the ~~county fiscal body~~
28 **director** any comments, including recommendations for modification
29 of the plan, that the ~~director or the~~ state superintendent of public
30 instruction considers appropriate.

31 SECTION 117. IC 31-37-24-12, AS AMENDED BY P.L.273-1999,
32 SECTION 116, IS AMENDED TO READ AS FOLLOWS
33 [EFFECTIVE JANUARY 1, 2002]: Sec. 12. Not later than sixty (60)
34 days after receiving the plan, the ~~county fiscal body~~ **director** shall do
35 one (1) of the following:

- 36 (1) Approve the plan as submitted by the team.
37 ~~(2) Approve the plan with amendments, modifications, or~~
38 ~~revisions adopted by the county fiscal body.~~
39 ~~(3) (2) Return the plan to the team with directions concerning:~~
40 (A) subjects for further study and reconsideration; and
41 (B) resubmission of a revised plan.

42 SECTION 118. IC 31-37-24-14, AS AMENDED BY P.L.273-1999,

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1 SECTION 117, IS AMENDED TO READ AS FOLLOWS
 2 [EFFECTIVE JANUARY 1, 2002]: Sec. 14. (a) The team shall meet at
 3 least one (1) time each year to do the following:

- 4 (1) Develop, review, or revise a strategy that identifies:
 5 (A) the manner in which prevention and early intervention
 6 services will be provided or improved;
 7 (B) how local collaboration will improve children's services;
 8 and
 9 (C) how different funds can be used to serve children and
 10 families more effectively.

11 (2) Reorganize as needed and select its vice chairperson for the
 12 ensuing year.

13 (3) Review the implementation of the plan and prepare revisions,
 14 additions, or updates of the plan that the team considers necessary
 15 or appropriate to improve the quality and efficiency of early
 16 intervention child welfare services provided in accordance with
 17 the plan.

18 (4) Prepare and submit to the ~~county fiscal body~~ **director and the**
 19 **state superintendent of public instruction** a report on the
 20 operations of the plan during the preceding year and a revised and
 21 updated plan for the ensuing year.

22 (b) The chairperson or vice chairperson of the team ~~or the county~~
 23 ~~fiscal body~~ may convene any additional meetings of the team that are,
 24 in the chairperson's or vice chairperson's opinion, necessary or
 25 appropriate.

26 SECTION 119. IC 31-37-24-15 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 15. The team ~~or~~
 28 ~~the county fiscal body~~ shall transmit copies of the initial plan, each
 29 annual report, and each revised plan to the following:

- 30 (1) The director.
 31 (2) The state superintendent of public instruction.
 32 (3) The county office.
 33 (4) The juvenile court.
 34 (5) The superintendent of each public school corporation in the
 35 county.
 36 (6) The local step ahead council.
 37 (7) Any public or private agency that:
 38 (A) provides services to families and children in the county
 39 that requests information about the plan; or
 40 (B) the team has identified as a provider of services relevant
 41 to the plan.

42 SECTION 120. IC 31-37-24-16 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 16. The team ~~or~~
 2 ~~the county fiscal body~~ shall publicize to residents of the county the
 3 existence and availability of the plan.

4 SECTION 121. IC 31-40-1-1 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1. This article
 6 applies to a financial burden sustained by **the state and** a county as the
 7 result of costs paid ~~by the county~~ under section 2 of this chapter,
 8 including costs resulting from the institutional placement of a child
 9 adjudicated a delinquent child or a child in need of services.

10 SECTION 122. IC 31-40-1-2, AS AMENDED BY P.L.273-1999,
 11 SECTION 119, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) The county shall pay
 13 from the county family and children's fund the cost of:

14 (1) any services ordered by the juvenile court for any child or the
 15 child's parent, guardian, or custodian, other than secure detention;
 16 and

17 (2) returning a child under IC 31-37-23.

18 (b) The ~~county fiscal body~~ **division** shall provide sufficient money
 19 to meet the court's requirements.

20 SECTION 123. IC 31-40-1-3, AS AMENDED BY P.L.273-1999,
 21 SECTION 120, IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) A parent or guardian of
 23 the estate of a child adjudicated a delinquent child or a child in need of
 24 services is financially responsible as provided in this chapter (or
 25 IC 31-6-4-18(e) before its repeal) for any services ordered by the court.

26 (b) Each parent of a child alleged to be a child in need of services
 27 or alleged to be a delinquent child shall, before a dispositional hearing,
 28 furnish the court with an accurately completed and current child
 29 support obligation worksheet on the same form that is prescribed by the
 30 Indiana supreme court for child support orders.

31 (c) At:

32 (1) a detention hearing;

33 (2) a hearing that is held after the payment of costs by a county
 34 under section 2 of this chapter (or IC 31-6-4-18(b) before its
 35 repeal);

36 (3) the dispositional hearing; or

37 (4) any other hearing to consider modification of a dispositional
 38 decree;

39 the juvenile court shall order the child's parents or the guardian of the
 40 child's estate to pay for, or reimburse the county ~~or the division~~ for the
 41 cost of, services provided to the child or the parent or guardian unless
 42 the court finds that the parent or guardian is unable to pay or that



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1 justice would not be served by ordering payment from the parent or
2 guardian.

3 SECTION 124. IC 31-40-1-4 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 4. The parent or
5 guardian of the estate of any child returned to Indiana under the
6 interstate compact on juveniles under IC 31-37-23 shall reimburse the
7 **state and** county for all costs involved in returning the child that the
8 court orders the parent or guardian to pay under section 3 of this
9 chapter (or IC 31-6-4-18(e) before its repeal) whether or not the child
10 has been adjudicated a delinquent child or a child in need of services.

11 SECTION 125. IC 31-40-1-5, AS AMENDED BY P.L.273-1999,
12 SECTION 121, IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE JANUARY 1, 2002]: Sec. 5. (a) This section applies
14 whenever the court orders or approves removal of a child from the
15 home of a child's parent or guardian and placement of the child in a
16 child caring institution (as defined in IC 12-7-2-29), a foster family
17 home (as defined in IC 12-7-2-90), or the home of a relative of the
18 child that is not a foster family home.

19 (b) If an existing support order is in effect, the court shall order the
20 support payments to be assigned to the ~~county office~~ **division of family**
21 **and children** for the duration of the placement out of the home of the
22 child's parent or guardian. The court shall notify the court that:

- 23 (1) entered the existing support order; or
24 (2) had jurisdiction, immediately before the placement, to
25 modify or enforce the existing support order;

26 of the assignment and assumption of jurisdiction by the juvenile court
27 under this section.

28 (c) If an existing support order is not in effect, the court shall do the
29 following:

- 30 (1) Include in the order for removal or placement of the child an
31 assignment to the ~~county office;~~ **division of family and children,**
32 or confirmation of an assignment that occurs or is required under
33 applicable federal law, of any rights to support, including support
34 for the cost of any medical care payable by the state under
35 IC 12-15, from any parent or guardian who has a legal obligation
36 to support the child.

- 37 (2) Order support paid to the ~~county office~~ **division of family and**
38 **children** by each of the child's parents or the guardians of the
39 child's estate to be based on child support guidelines adopted by
40 the Indiana supreme court and for the duration of the placement
41 of the child out of the home of the child's parent or guardian,
42 unless:



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- 1 (A) the court finds that entry of an order based on the child
 2 support guidelines would be unjust or inappropriate
 3 considering the best interests of the child and other necessary
 4 obligations of the child's family; or
 5 (B) the ~~county office~~ **division of family and children** does not
 6 make foster care maintenance payments to the custodian of the
 7 child. For purposes of this clause, "foster care maintenance
 8 payments" means any payments for the cost of (in whole or in
 9 part) and the cost of providing food, clothing, shelter, daily
 10 supervision, school supplies, a child's personal incidentals,
 11 liability insurance with respect to a child, and reasonable
 12 amounts for travel to the child's home for visitation. In the case
 13 of a child caring institution, the term also includes the
 14 reasonable costs of administration and operation of the
 15 institution as are necessary to provide the items described in
 16 this clause.
- 17 (3) If the court:
 18 (A) does not enter a support order; or
 19 (B) enters an order that is not based on the child support
 20 guidelines;
 21 the court shall make findings as required by 45 CFR 302.56(g).
- 22 (d) Payments in accordance with a support order assigned under
 23 subsection (b) or entered under subsection (c) (or IC 31-6-4-18(f)
 24 before its repeal) shall be paid through the clerk of the circuit court as
 25 trustee for remittance to the ~~county office~~ **division of family and**
 26 **children**.
- 27 (e) The Title IV-D agency shall establish, modify, or enforce a
 28 support order assigned or entered by a court under this section in
 29 accordance with IC 12-17-2 and 42 U.S.C. 654. The ~~county office~~
 30 **division of family and children** shall, if requested, assist the Title
 31 IV-D agency in performing its duties under this subsection.
- 32 (f) If the juvenile court terminates placement of a child out of the
 33 home of the child's parent or guardian, the court shall:
 34 (1) notify the court that:
 35 (A) entered a support order assigned to the county office under
 36 subsection (b); or
 37 (B) had jurisdiction, immediately before the placement, to
 38 modify or enforce the existing support order;
 39 of the termination of jurisdiction of the juvenile court with respect
 40 to the support order;
 41 (2) terminate a support order entered under subsection (c) that
 42 requires payment of support by a custodial parent or guardian of

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1 the child, with respect to support obligations that accrue after
2 termination of the placement; or

3 (3) continue in effect, subject to modification or enforcement by
4 a court having jurisdiction over the obligor, a support order
5 entered under subsection (c) that requires payment of support by
6 a noncustodial parent or guardian of the estate of the child.

7 (g) The court may at or after a hearing described in section 3 of this
8 chapter order the child's parent or the guardian of the child's estate to
9 reimburse the ~~county office~~ **division of family and children** for all or
10 any portion of the expenses for services provided to or for the benefit
11 of the child that are paid ~~from the county family and children's fund by~~
12 **the division** during the placement of the child out of the home of the
13 parent or guardian, in addition to amounts reimbursed through
14 payments in accordance with a support order assigned or entered as
15 provided in this section, subject to applicable federal law.

16 SECTION 126. IC 32-9-1.5-16 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. For purposes of
18 section 49 of this chapter, "political subdivision" includes any Indiana
19 municipality, county, civil township, civil incorporated city or town,
20 **public** school corporation (**as defined in IC 36-1-2-17**), university or
21 college supported in part by state funds, or any other territorial
22 subdivision of the state recognized or designated in any law, including
23 judicial circuits, a public utility entity not privately owned, special
24 taxing district or entity, and public improvement district authority or
25 entity authorized to levy taxes or assessments. The term does not
26 include any retirement system supported entirely, or in part, by the
27 state.

28 SECTION 127. IC 36-1-2-2 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. "Bonds" means any
30 evidences of indebtedness, whether payable from property taxes,
31 revenues, or any other source. ~~but~~ **However, the term** does not include
32 notes or warrants representing temporary loans that are payable out of:

33 (1) taxes levied and in the course of collection; **or**

34 (2) **other deposits in the general fund of a school corporation.**

35 SECTION 128. IC 36-2-6-3 IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) This section
37 does not apply to **the following**:

38 (1) Claims for salaries fixed in a definite amount by ordinance or
39 statute, per diem of jurors, and salaries of officers of a court.

40 (2) **Claims that will be paid from a county family and**
41 **children's fund.**

42 (b) The county auditor shall publish all claims that have been filed

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1 for the consideration of the county executive and shall publish all
 2 allowances made by courts of the county. Claims filed for the
 3 consideration of the executive shall be published at least three (3) days
 4 before each session of the executive, and court allowances shall be
 5 published at least three (3) days before the issuance of warrants in
 6 payment of those allowances. In publication of itemized statements
 7 filed by assistant highway supervisors for consideration of the
 8 executive, the auditor shall publish the name of each party and the total
 9 amount due each party named in the itemized statements. Notice of
 10 claims filed for consideration of the county executive must state their
 11 amounts and to whom they are made. Claims and allowances subject
 12 to this section shall be published as prescribed by IC 5-3-1, except that
 13 only one (1) publication in two (2) newspapers is required.

14 (c) A member of the county executive who considers or allows a
 15 claim, or a county auditor who issues warrants in payment of
 16 allowances made by the county executive or a court of the county,
 17 before compliance with subsection (b), commits a Class C infraction.

18 (d) A county auditor shall publish one (1) time in accordance with
 19 IC 5-3-1 a notice of all allowances made by a circuit or superior court.
 20 The notice must be published within sixty (60) days after the
 21 allowances are made and must state their amount, to whom they are
 22 made, and for what purpose they are made.

23 SECTION 129. IC 36-7-15.1-26.9 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26.9. (a) The
 25 definitions set forth in section 26.5 of this chapter apply to this section.

26 (b) The fiscal officer of the consolidated city shall publish in the
 27 newspaper in the county with the largest circulation all determinations
 28 made under section 26.5 or 26.7 of this chapter that result in the
 29 allowance or disallowance of credits. The publication of a
 30 determination made under section 26.5 of this chapter shall be made
 31 not later than June 20 of the year in which the determination is made.
 32 The publication of a determination made under section 26.7 of this
 33 chapter shall be made not later than December 5 of the year in which
 34 the determination is made.

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

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

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1 (d) The county auditor shall adjust the estimate of assessed
2 valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing
3 units in which the allocation area is located. The county auditor may
4 amend this adjustment at any time before the earliest date a taxing unit
5 must publish the unit's proposed property tax rate under IC 6-1.1-17-3
6 in the year preceding the year in which the credits under section
7 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to
8 the assessed valuation shall be:

9 (1) calculated to produce an estimated assessed valuation that will
10 offset the effect that paying personal property taxes into the
11 allocation area special fund under subsection (c) would otherwise
12 have on the ability of a taxing unit to achieve the taxing unit's tax
13 levy in the following year; and

14 (2) used by the county board of tax adjustment, the state board of
15 tax commissioners, and each taxing unit in determining each
16 taxing unit's tax rate and tax levy in the following year.

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

23 (f) The ad valorem property tax levy limits imposed by
24 IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1, 2006**) do
25 not apply to ad valorem property taxes imposed that are used to offset
26 the effect of paying personal property taxes into an allocation area
27 special fund during the taxable year under subsection (d) or to make
28 direct payments to taxpayers under section 26.5(h) of this chapter. For
29 purposes of computing the ad valorem property tax levy limits imposed
30 under IC 6-1.1-18.5-3 and IC 6-1.1-19-1.5 (**repealed January 1,**
31 **2006**), a taxing unit's ad valorem property tax levy for a particular
32 calendar year does not include that part of the levy imposed to offset
33 the effect of paying personal property taxes into an allocation area
34 special fund under subsection (d) or to make direct payments to
35 taxpayers under section 26.5(h) of this chapter.

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

38 (1) are subject to any pledge of allocated property tax proceeds
39 made by the redevelopment district under section 26(d) of this
40 chapter, including but not limited to any pledge made to owners
41 of outstanding bonds of the redevelopment district of allocated
42 taxes from that area; and

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

3 SECTION 130. THE FOLLOWING ARE REPEALED
4 [EFFECTIVE JANUARY 1, 2002]: IC 6-1.1-18.6; IC 12-13-8;
5 IC 12-13-9-1; IC 12-13-9-3; IC 12-16-14; IC 12-16-15; IC 12-19-5;
6 IC 12-19-7-4; IC 12-19-7-5; IC 12-19-7-9; IC 12-19-7-10;
7 IC 12-19-7-16; IC 12-19-7-17; IC 12-19-7-18; IC 12-19-7-19;
8 IC 12-19-7-20; IC 12-19-7-21; IC 12-19-7-22; IC 12-19-7-23;
9 IC 12-19-7-24; IC 12-19-7-25; IC 12-19-7-26; IC 12-19-7-27;
10 IC 12-19-7-28; IC 12-19-7-29; IC 12-19-7-30; IC 12-19-7-31;
11 IC 12-19-7-32; IC 12-19-7-33; IC 12-24-13-6; IC 16-35-3; IC 16-35-4;
12 IC 31-34-24-13; IC 31-37-24-13.

13 SECTION 131. THE FOLLOWING ARE REPEALED
14 [EFFECTIVE JANUARY 1, 2006]: IC 6-1.1-19-1; IC 6-1.1-19-1.5;
15 IC 6-1.1-19-1.7; IC 6-1.1-19-2; IC 6-1.1-19-4.5; IC 6-1.1-19-4.7;
16 IC 6-1.1-19-4.9; IC 6-1.1-19-5.1; IC 6-1.1-19-6; IC 6-1.1-19-11;
17 IC 6-1.1-21.5; IC 6-1.1-34; IC 20-3-11-18; IC 20-4-1-26.9;
18 IC 20-4-8-23; IC 21-2-11-8; IC 21-2-12; IC 21-2-13; IC 21-2-14.

19 SECTION 132. [EFFECTIVE JULY 1, 2005] (a) **As used in this**
20 **SECTION, "balance" refers to the unencumbered balance in a**
21 **school corporation's levy excess fund on January 1, 2006.**

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

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

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

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

37 SECTION 133. [EFFECTIVE JULY 1, 2001] **An additional**
38 **property tax replacement credit shall be distributed to counties to**
39 **be applied to the tax liability of property taxpayers at the same**
40 **time and in the same manner as the property tax replacement**
41 **credit under IC 6-1.1-21. The amount of the credit that each**
42 **taxpayer is entitled to receive is the following percentage of the**



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1 taxpayer's liability, as defined in IC 6-1.1-21-5, for school
2 corporation general fund property taxes:

3 (1) Twenty percent (20%) for property taxes first due and
4 payable in 2002.

5 (2) Forty percent (40%) for property taxes first due and
6 payable in 2003.

7 (3) Sixty percent (60%) for property taxes first due and
8 payable in 2004.

9 (4) Eighty percent (80%) for property taxes first due and
10 payable in 2005.

11 The money to make the distributions is appropriated from the state
12 general fund.

13 SECTION 134. [EFFECTIVE JANUARY 1, 2001] IC 6-3.1-20, as
14 added by this act, applies only to taxable years that begin after
15 December 31, 2001.

16 SECTION 135. [EFFECTIVE JANUARY 1, 2002] (a) As used in
17 this SECTION, "county office property tax levies" means the
18 property tax levies under or for any of the following:

19 (1) IC 12-13-8 (county medical assistance to wards fund).

20 (2) IC 12-16-14 (county hospital care for the indigent fund).

21 (3) IC 12-19-7 (county family and children's fund).

22 (4) IC 16-35-3 (children with special health care needs county
23 fund and tax levy).

24 (b) Notwithstanding any other law, after December 31, 2001, the
25 state shall fund one hundred percent (100%) of the programs,
26 services, and activities paid from county office property tax levies
27 before January 1, 2002.

28 (c) Notwithstanding any other law, after December 31, 2001, a
29 county may not impose a county office property tax levy. The
30 maximum permissible levy for any fund:

31 (1) that is not terminated after December 31, 2001; and

32 (2) for which a county office property tax levy was imposed
33 before January 1, 2002;

34 shall be reduced to eliminate the part of the maximum levy related
35 to a county office property tax levy before January 1, 2002.

36 SECTION 136. [EFFECTIVE JULY 1, 2001] (a) As used in this
37 SECTION, "county office property tax levies" means the property
38 tax levies under or for any of the following:

39 (1) IC 12-13-8 (county medical assistance to wards fund).

40 (2) IC 12-16-14 (county hospital care for the indigent fund).

41 (3) IC 12-19-7 (county family and children's fund).

42 (4) IC 16-35-3 (children with special health care needs county

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- 1 fund and tax levy).
- 2 (b) As used in this SECTION, "miscellaneous revenue" means
- 3 tax revenue that is distributed under:
- 4 (1) the bank tax (IC 6-5-10);
- 5 (2) the savings and loan association tax (IC 6-5-11);
- 6 (3) the production credit association tax (IC 6-5-12);
- 7 (4) the financial institutions tax (IC 6-5.5); or
- 8 (5) any other statute providing for a distribution of revenue;
- 9 to a political subdivision based in any part on the ad valorem
- 10 property tax levy imposed by the political subdivision.
- 11 (c) For calendar year 2002 and any other year that in any part
- 12 conditions a distribution of miscellaneous revenue on the county
- 13 property tax levies first due and payable in calendar year 2001 or
- 14 a previous year, the distribution must be made based on the
- 15 adjusted property tax levy determined under this SECTION.
- 16 (d) The state board of tax commissioners shall determine an
- 17 adjusted property tax levy for each year on which a distribution
- 18 described in subsection (c) is based. The adjusted property tax levy
- 19 must exclude the county office property tax levies imposed in that
- 20 year.
- 21 (e) Before January 1, 2002, the state board of tax commissioners
- 22 shall certify the adjusted levy determined under subsection (d) to
- 23 the auditor of state, each county auditor, and the department of
- 24 state revenue.
- 25 (f) For purposes of property tax levies first due and payable
- 26 after December 31, 2001, the state board of tax commissioners shall
- 27 adjust property tax levies of a political subdivision to eliminate that
- 28 part of a property tax levy that was imposed before January 1,
- 29 2002, to make a transfer described in IC 12-15-18-5.1.
- 30 (g) The unallotted balance on December 31, 2001, of any county
- 31 office property tax levies in a fund other than the county family
- 32 and children's fund or the state general fund shall, on January 1,
- 33 2002, be transferred to the state general fund to carry out the
- 34 programs for which the money was levied. The unallotted balance
- 35 on December 31, 2001, of each county welfare trust clearance fund
- 36 shall be transferred on January 1, 2002, to an account in the state
- 37 general fund. However, by agreement between a county executive
- 38 and the division of family and children, a county may retain a
- 39 balance of county office property tax levies after December 31,
- 40 2001, in a fund to pay obligations incurred but not allotted for
- 41 payment before January 1, 2002. The amount that shall be retained
- 42 and the time that balances shall be retained shall be governed by

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1 the agreement. Money transferred to the state under this
2 subsection shall be treated as money from state revenues.
3 (h) The state board of tax commissioners shall reduce the
4 maximum permissible ad valorem property tax levy of a county as
5 necessary to reflect the transfer by this act of any expenditures
6 payable from a county general fund to the state.
7 (i) This SECTION expires December 31, 2004.
8 SECTION 137. [EFFECTIVE JULY 1, 2001] IC 2-2.1-4, as added
9 by this act, applies only to appropriations and expenditures for
10 state fiscal years that begin after June 30, 2001.

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