

# HOUSE BILL No. 1121

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** None (noncode).

**Synopsis:** Borrowing for annexation expenses. Authorizes a city to make loans each year through 2007 to provide services to annexed areas.

**Effective:** Upon passage.

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January 13, 2004, read first time and referred to Committee on Ways and Means.

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Second Regular Session 113th General Assembly (2004)

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 2003 Regular Session of the General Assembly.

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## HOUSE BILL No. 1121

A BILL FOR AN ACT concerning local government.

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

1 SECTION 1. [EFFECTIVE UPON PASSAGE] (a) This SECTION  
 2 applies to a city (as defined in IC 36-1-2-3).  
 3 (b) The legislative body (as defined in IC 36-1-2-9) of a city may,  
 4 by ordinance, make loans of money for not more than five (5) years  
 5 and issue notes to refund those loans. The legislative body may  
 6 make a separate loan under this subsection in each calendar year.  
 7 The loans may be made only to procure money to be used in the  
 8 exercise of the powers of the city in providing services to areas  
 9 annexed or to be annexed to the city, and the total amount of loans  
 10 made in each calendar year under this subsection may not exceed  
 11 five percent (5%) of the city's total tax levy in the current calendar  
 12 year (excluding amounts levied to pay debt service and lease  
 13 rentals). Loans under this subsection shall be made in the same  
 14 manner as loans made under IC 36-4-6-19, except that:  
 15 (1) the ordinance authorizing the loans must pledge to their  
 16 payment a sufficient amount of tax revenues over the ensuing  
 17 five (5) years to provide for refunding the loans; and  
 18 (2) the loans must be evidenced by notes of the city in terms



1           designating the nature of the consideration, the date and place  
2           payable, and the revenues out of which they will be payable.  
3 Notes issued under this subsection are not bonded indebtedness for  
4 purposes of IC 6-1.1-18.5.

5           (c) The legislative body of a city may, by ordinance, make loans  
6 and issue notes to refund those loans in anticipation of revenues of  
7 the city that are anticipated to be levied and collected during the  
8 term of the loans. The term of a loan made under this subsection  
9 may not be more than five (5) years. A loan may be structured so  
10 that no principal payments are made in one (1) or more years of  
11 the term of the loan. Loans under this subsection shall be made in  
12 the same manner as loans made under IC 36-4-6-19, except that:

13           (1) the ordinance authorizing the loans must appropriate and  
14 pledge to their payment a sufficient amount of the revenues in  
15 anticipation of which they are issued and out of which they  
16 are payable; and

17           (2) the loans must be evidenced by time warrants of the city  
18 in terms designating the nature of the consideration, the date  
19 and place payable, and the revenues in anticipation of which  
20 they are issued and out of which they are payable.

21           (d) An action to contest the validity of a loan made under this  
22 SECTION must be brought not later than fifteen (15) days after  
23 the day on which the ordinance is adopted.

24           (e) For purposes of IC 6-1.1-18-3, a note issued under this  
25 SECTION is treated in the same manner as a note issued under  
26 IC 36-4-6-20.

27           (f) Loans under this SECTION are not bonds for purposes of  
28 IC 6-1.1-20-1.

29           (g) This SECTION expires January 1, 2008.

30           (h) Notwithstanding the expiration of this SECTION on January  
31 1, 2008, a loan under this SECTION before January 1, 2008,  
32 remains a valid and binding obligation of the city as if this  
33 SECTION had not expired.

34           SECTION 2. An emergency is declared for this act.

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