



January 29, 2010

# HOUSE BILL No. 1317

DIGEST OF HB 1317 (Updated January 26, 2010 12:58 pm - DI 75)

**Citations Affected:** IC 6-7; IC 36-1; IC 36-9.

**Synopsis:** Use of money in city or town fund. Permits money in a cumulative capital improvement fund of a city or town to be used for any governmental purpose for which money is appropriated by the fiscal body of the city or town. Allows a city or town to reclassify certain loans from one fund to another as a permanent transfer.

**Effective:** Upon passage.

**Michael**

January 13, 2010, read first time and referred to Committee on Local Government.  
January 28, 2010, reported — Do Pass.

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January 29, 2010

Second Regular Session 116th General Assembly (2010)

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 2009 Regular and Special Sessions of the General Assembly.

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## HOUSE BILL No. 1317

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

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

- 1 SECTION 1. IC 6-7-1-31.1 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 31.1. (a) The fiscal  
 3 body of each city and the fiscal body of each town shall, by ordinance  
 4 or resolution, establish a cumulative capital improvement fund for the  
 5 city or town. Except as otherwise provided in subsection (c), the city or  
 6 town may only use money in its cumulative capital improvement fund:  
 7 to:
- 8 (1) to purchase land, easements, or rights-of-way;
  - 9 (2) to purchase buildings;
  - 10 (3) to construct or improve city owned property;
  - 11 (4) to design, develop, purchase, lease, upgrade, maintain, or  
 12 repair:
    - 13 (A) computer hardware;
    - 14 (B) computer software;
    - 15 (C) wiring and computer networks; and
    - 16 (D) communications access systems used to connect with  
 17 computer networks or electronic gateways;

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- 1 (5) to pay for the services of full-time or part-time computer
- 2 maintenance employees;
- 3 (6) to conduct nonrecurring in-service technology training of unit
- 4 employees;
- 5 (7) to undertake Internet application development; or
- 6 (8) to retire general obligation bonds issued by the city or town
- 7 for one (1) of the purposes stated in subdivision (1), (2), (3), (4),
- 8 (5), or (6); or
- 9 **(9) for any other governmental purpose for which money is**
- 10 **appropriated by the fiscal body of the city or town.**

11 (b) The money in the city's or town's cumulative capital  
 12 improvement fund does not revert to its general fund.

13 (c) A city or town may at any time, by ordinance or resolution,  
 14 transfer to:

- 15 (1) its general fund; or
  - 16 (2) an authority established under IC 36-7-23;
- 17 money derived under this chapter that has been deposited in the city's  
 18 or town's cumulative capital improvement fund.

19 SECTION 2. IC 36-1-8-4 IS AMENDED TO READ AS FOLLOWS  
 20 [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Subject to subsection**  
 21 **(c)**, the fiscal body of a political subdivision may, by ordinance or  
 22 resolution, permit the transfer of a prescribed amount, for a prescribed  
 23 period, to a fund in need of money for cash flow purposes from another  
 24 fund of the political subdivision if all these conditions are met:

- 25 (1) It must be necessary to borrow money to enhance the fund that
- 26 is in need of money for cash flow purposes.
- 27 (2) There must be sufficient money on deposit to the credit of the
- 28 other fund that can be temporarily transferred.
- 29 (3) Except as provided in subsection (b), the prescribed period
- 30 must end during the budget year of the year in which the transfer
- 31 occurs.
- 32 (4) The amount transferred must be returned to the other fund at
- 33 the end of the prescribed period.
- 34 (5) Only revenues derived from the levying and collection of
- 35 property taxes or special taxes or from operation of the political
- 36 subdivision may be included in the amount transferred.

37 (b) If the fiscal body of a political subdivision determines that an  
 38 emergency exists that requires an extension of the prescribed period of  
 39 a transfer under this section, the prescribed period may be extended for  
 40 not more than six (6) months beyond the budget year of the year in  
 41 which the transfer occurs if the fiscal body does the following:

- 42 (1) Passes an ordinance or a resolution that contains the

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following:

- (A) A statement that the fiscal body has determined that an emergency exists.
- (B) A brief description of the grounds for the emergency.
- (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

(2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance.

**(c) This subsection applies to municipalities. The municipal fiscal body may adopt an ordinance, following a public hearing for which notice is given in accordance with IC 5-3-1, determining that a transfer under subsection (a) is a permanent transfer rather than a transfer for a specific period. However, this subsection does not permit a municipality to permanently transfer revenues derived from:**

- (1) the levying and collection of a property tax or special tax imposed for a special taxing district;**
- (2) the levying and collection of a property tax or special tax imposed to guarantee or pay interest or principal on bonds, notes, debentures, or other evidences of indebtedness or to make lease-rental payments;**
- (3) the levying and collection of a property tax or special tax that was raised for a cumulative fund, except as provided in IC 6-7-1-31.1; or**
- (4) the operation of a utility (as defined in IC 8-1.5-1-10).**

SECTION 3. IC 36-9-16-2, AS AMENDED BY P.L.8-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A unit may establish a cumulative building or sinking fund or cumulative capital improvement funds to provide money for one (1) or more of the following purposes:

- (1) To purchase, construct, equip, and maintain buildings for public purposes.
- (2) To acquire the land, and any improvements on it, that are necessary for the construction of public buildings.
- (3) To demolish any improvements on land acquired under this section, and to level, grade, and prepare the land for the construction of a public building.
- (4) To acquire land or rights-of-way to be used as a public way or other means of ingress or egress to land acquired for the construction of a public building.

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1           (5) To improve or construct any public way or other means of  
2           ingress or egress to land acquired for the construction of a public  
3           building.  
4           (b) In addition to the purposes described in subsection (a), a  
5           cumulative capital improvement fund may be used to purchase body  
6           armor (as defined in IC 36-8-4-4.5(a)) for active members of a police  
7           department.  
8           (c) **A municipality may establish a cumulative capital**  
9           **improvement fund for a purpose described in IC 6-7-1-31.1.**  
10          **SECTION 4. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1317, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

SMITH V, Chair

Committee Vote: yeas 11, nays 0.

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